

THIS PROSPECTUS HAS NOT BEEN REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD. THE INFORMATION IN THIS PROSPECTUS MAY BE SUBJECT TO FURTHER AMENDMENTS BEFORE BEING REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD. UNDER NO CIRCUMSTANCES SHALL THIS PROSPECTUS CONSTITUTE AN OFFER FOR SUBSCRIPTION OR PURCHASE OF, OR AN INVITATION TO SUBSCRIBE FOR OR PURCHASE SECURITIES.

PROSPECTUS



SUPREME CONSOLIDATED RESOURCES BHD

Registration No. 201601023207 (1194146-D)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

INITIAL PUBLIC OFFERING (“IPO”) OF 70,000,000 NEW ORDINARY SHARES IN SUPREME CONSOLIDATED RESOURCES BHD (“SCRB” OR THE “COMPANY”) (“SHARES”) (“PUBLIC ISSUE SHARES”) IN THE FOLLOWING MANNER:

- (A) 8,600,000 NEW SHARES AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- (B) 7,650,000 NEW SHARES AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, KEY SENIOR MANAGEMENT, EMPLOYEES AND BUSINESS ASSOCIATES OF SCRБ AND ITS SUBSIDIARIES; AND
- (C) 53,750,000 NEW SHARES AVAILABLE FOR PRIVATE PLACEMENT TO BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INVESTMENT, TRADE AND INDUSTRY,

AT AN IPO PRICE OF RM[•] PER SHARE PAYABLE IN FULL ON APPLICATION IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”).

Principal Adviser, Sponsor, Underwriter and Placement Agent

kenanga

KENANGA INVESTMENT BANK BERHAD

Registration No. 197301002193 (15678-H)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

No securities will be allotted or issued based on this Prospectus after 6 months from the date of this Prospectus.

[Bursa Securities has approved the admission of our Company to the official list of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. This Prospectus has been registered by Bursa Securities.] The approval and registration of this Prospectus should not be taken to indicate that Bursa Securities recommends our IPO or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this Prospectus. Bursa Securities has not, in any way, considered the merits of the securities being offered for investment.

Bursa Securities is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” AS SET OUT IN SECTION 9 OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THIS ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 (“CMSA”).

THIS PROSPECTUS IS DATED [•]

All defined terms used in this Prospectus are defined under “Definitions” commencing on page x, “Glossary of Technical Terms” commencing on page xvi and “Presentation of Financial and Other Information” commencing on page viii.

RESPONSIBILITY STATEMENTS

The Directors and Promoters (as defined in this Prospectus) of SCRB have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

Kenanga Investment Bank Berhad (“**Kenanga IB**”), being our Principal Adviser, Sponsor, Underwriter and Placement Agent in relation to our IPO (as defined in this Prospectus), acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

[Our Company has obtained the approval of Bursa Securities for our Listing (as defined in this Prospectus).] Admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

[This Prospectus, together with the Application Form (as defined in this Prospectus), have also been lodged with the Registrar of Companies, who takes no responsibility for its contents.]

OTHER STATEMENTS

Investors should note that they may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA, is responsible.

This Prospectus is prepared and published solely in connection with our IPO under the laws of Malaysia. Our Shares are issued / offered in Malaysia solely based on the contents of this Prospectus. Our Company, Directors, Promoters, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide you with information which is not contained in this Prospectus.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subject to the laws of any country or jurisdiction other than Malaysia, to consult your legal and / or other professional advisers as to whether your application for our IPO would result in the contravention of any law of such country or jurisdiction which you may be subject to. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any other application made by you shall be illegal, unenforceable, avoidable or void in any such country and jurisdiction.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of this Prospectus and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you have accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus (as defined in this Prospectus) and this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application (as defined in this Prospectus) may be subject to risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of the Electronic Prospectus, you should immediately request a paper / printed copy of this Prospectus from us, our Principal Adviser or Issuing House (as defined in this Prospectus). If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which are identical to the copy of the Prospectus registered with Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites (referred to as "**Third Party Internet Sites**") whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, information, files or other materials provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or costs that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, files, information or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of the Electronic Prospectus, i.e. to the extent that the content of the Electronic Prospectus on the web server of the Internet Participating Financial Institutions may be viewed via web browser or other relevant software. The Internet Participating Financial Institutions are not responsible for the integrity of the contents of the Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions and subsequently communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or costs that you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institution, and / or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

<u>Events</u>	<u>Indicative Dates</u>
Opening of application for our IPO	[•]
Closing of application for our IPO	[•]
Balloting of Application	[•]
Allotment of IPO Shares to successful applicants	[•]
Listing on the ACE Market	[•]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Words importing the singular include the plural and vice versa. Words importing a gender include any gender. References to persons include a corporation. Any reference to words such as “we”, “us”, “our” and “ourselves” in this Prospectus shall be a reference to our Company, our Group or any member company of our Group as the context requires, unless otherwise stated. All references to “SCRB” and “our Company” in this Prospectus are to Supreme Consolidated Resources Bhd, references to the “SCRB Group” or “our Group” are to our Company and our Subsidiaries taken as a whole. Unless the context otherwise requires, references to “Management” are to our Directors and key senior management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

All references to “you” are to our prospective investors.

Any reference in this Prospectus, the Application Form, Electronic Share Application or Internet Share Application to any legislation, statute or statutory provision shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

In this Prospectus, references to the “Government” are to the Government of Malaysia; and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest tenth or 1 decimal place, where applicable and hence may not be exact. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

All reference to dates and times are references to dates and times in Malaysia unless otherwise stated. All references to the “LPD” in this Prospectus are referred to [29 February 2024], which is the latest practicable date prior to the registration of this Prospectus with Bursa Securities.

This Prospectus includes statistical data provided by us and various third parties. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where there is no source stated, it can be assumed that the information originates from us or is extracted from the Independent Market Research Report prepared by Providence (as defined in this Prospectus) which is included in Section 8 of this Prospectus. Providence has been appointed to provide an Independent Market Research Report. In compiling its data for the review, Providence had relied on its research methodology, industry sources, published materials, its own private databases and direct contacts within the industry.

If there are any discrepancies or inconsistencies between the English and Malay versions of this document, the English version shall prevail. The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

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FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, future plans and prospects, and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance.

Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our future overall business development and operations;
- (ii) potential growth opportunities;
- (iii) our business strategies, trends and competitive position and the effect of such competition;
- (iv) the plans and objectives of our Company for future operations;
- (v) the general industry environment, including the demand and supply for our products and services;
- (vi) our ability to pay dividends; and
- (vii) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the general economic, business, social, political and investment environment in Malaysia and globally; and
- (ii) government policy, legislation and regulation.

Additional factors that could affect our results, performance or achievements are included, but not limited to those discussed in Section 9 of this Prospectus on "Risk Factors" and Section 12.3 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Should we become aware of any subsequent material change or development affecting matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of our Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6 on Supplementary and Replacement Prospectus) of the Prospectus Guidelines.

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

ACE Market	:	ACE Market of Bursa Securities
ACE Market Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
Act	:	Companies Act 2016, including amendments from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent, a person appointed by Bursa Depository under the Rules
Admission	:	Admission of our Shares to the Official List of the ACE Market
AGM	:	Annual General Meeting
Application	:	Application for our IPO Shares by way of Application Form, the Electronic Share Application or the Internet Share Application
Application Form(s)	:	The printed application form for the application of our IPO Shares
ATM	:	Automated teller machine
BFL	:	Borneo Food Land Coldstorage Sdn Bhd (Registration No. 200001012433 (515039-V))
BNDM	:	BNDM Incorporated Holdings Sdn Bhd (Registration No. 199701020336 (435833-X))
Board	:	Board of Directors of SCR B
Bonus Issue of Shares	:	Bonus Issue of Shares of 2 bonus Shares for every 1 existing Share in our Company, as set out in Section 6.5.1 of this Prospectus
Bonus Shares	:	240,000,000 new SCR B Shares to be issued under the Bonus Issue of Shares
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CDS Account(s)	:	An account established by Bursa Depository for the recording of deposits or securities and for dealings in such securities by the Depositor
Central Depositories Act or SICDA	:	Securities Industry (Central Depositories) Act 1991, including amendments from time to time and any re-enactment thereof

DEFINITIONS (CONT'D)

CMSA	:	Capital Markets and Services Act 2007, including amendments from time to time and any re-enactment thereof
Constitution	:	The constitution of our Company
COVID-19	:	Coronavirus disease 2019
Customer A	:	A Malaysian incorporated company which is principally involved in the sale and distribution of bakery products, including but not limited to cakes, cookies and bread in the area of Kuching, Sarawak. Our subsidiary, namely SFS had on 6 January 2020 entered into a non-disclosure agreement with Customer A, the terms of which states that disclosure of confidential information by either parties requires a consent in writing. Pursuant thereto, the Company had sought consent from Customer A for disclosure of information required pursuant to the IPO but the consent to disclosure was not provided by Customer A in January 2024.
Dato Ibrahim Baki	:	Dato Haji Ibrahim bin Haji Baki
Dato Richard Wee	:	Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat
Demak Laut Warehouse or Lot 919	:	Warehouse located at Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, 93050 Kuching, Sarawak
Depositor	:	A holder of a CDS Account
Director(s)	:	Director(s) of our Company and shall have the meaning given in Section 2 of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of our Company or any other company which is a subsidiary of our Company or a holding of our Company
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EGM	:	Extraordinary General Meeting
Electronic Prospectus	:	An electronic copy of this Prospectus that has been registered by Bursa Securities, which is being issued, circulated, distributed, stored or hosted on digital platforms or electronic storage mediums. This includes, but is not limited to, website, mobile application, email, compact disc, thumb drive and cloud-based storage
Electronic Share Application	:	Application for our IPO Shares through a Participating Financial Institution's ATM
Eligible Persons	:	Eligible Directors, key senior management, employees and business associates of our Group who have contributed to the success of our Group, as further detailed in Section 4.3.1(ii) of this Prospectus
EPS	:	Earnings per Share
F&B	:	Food and beverages
Financial Years Under Review	:	FYE 2021, FYE 2022 and FYE 2023

DEFINITIONS (CONT'D)

FYE	:	Financial year ended / ending 30 September, as the case may be
Government	:	Government of Malaysia
GP	:	Gross profit
HORECA	:	Hotels, restaurants and café
IMR Report	:	Independent Market Research Report dated 20 March 2024 prepared by Providence Strategic Partners Sdn Bhd
Information Memorandum	:	Information Memorandum of our Company dated 30 November 2018 for the listing on the LEAP Market of Bursa Securities
Internet Participating Financial Institution(s)	:	Participating financial institution(s) for the Internet Share Applications, which is set out in Section 15 of this Prospectus
Internet Share Application	:	Application for the Public Issue Shares through an Internet Participating Financial Institution
IPO	:	Initial public offering comprising the Public Issue
IPO Price	:	RM[●] per IPO Share, being the price payable by investors under the Public Issue
IPO Shares	:	The 70,000,000 new Shares, which are the subject of the Public Issue
Issuing House	:	Malaysian Issuing House Sdn Bhd (Registration No. 199301003608 (258345-X))
Kenanga IB or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	Kenanga Investment Bank Berhad (Registration No. 197301002193 (15678-H)), our Principal Adviser, Sponsor, Underwriter and Placement Agent
LEAP Market	:	LEAP Market of Bursa Securities
LEAP Market Listing Requirements	:	LEAP Market Listing Requirements of Bursa Securities
Listing	:	Admission to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities
Listing Scheme	:	Bonus Issue of Shares, IPO and the Listing, collectively
Lot 842	:	3-storey office cum warehouse located at Lot 842, Block 7, Muara Tebas Land District, Lorong Demak Laut 3A, Demak Laut Industrial Park, 93050 Kuching, Sarawak
Lot 1476	:	Double storey semi-detached industrial building at Lot 1476 Block 12 Muara Tebas Land District, Demak Laut Industrial Park, 93050 Kuching, Sarawak
LPD	:	[29 February 2024], being the latest practicable date prior to the registration of this Prospectus with Bursa Securities
Major Shareholders	:	BNDM and Lim Ah Ted, collectively

DEFINITIONS (CONT'D)

Malaysian Public	:	Malaysian citizens, companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
Market Day	:	A day on which Bursa Securities is open for trading in securities
MCCG	:	Malaysian Code on Corporate Governance
MCO	:	Movement control order
MD&A	:	Management discussion and analysis
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of Investment, Trade and Industry
NA	:	Net assets
NBV	:	Net book value
NTA	:	Net tangible assets
Official List	:	A list specifying all securities which have been admitted for listing which have not been removed from the ACE Market
Participating Financial Institutions(s)	:	The participating financial institution(s) for the Electronic Share Application, which is set out in Section 15 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price earnings multiple
Pink Application Form	:	Application form for the application of our Public Issue Shares under the Retail Offering by the Eligible Persons, accompanying this Prospectus
Pink Form Shares	:	The total of 7,650,000 Public Issue Shares of our Company representing approximately 1.78% of the enlarged issued share capital of our Company at the IPO Price to be issued to the Eligible Persons
Placement Shares	:	53,750,000 Public Issue Shares made available by way of private placement to Bumiputera investors approved by MITI
Promoters or Specified Shareholders	:	BNDM, Dato Richard Wee, Lim Ah Ted, Ting Ing Thai, Ting Ing Soon, Brandon Wee Wei Xuan, Lim Hang Min and Terence Lim Tze Yung, collectively
Prospectus	:	This prospectus dated [●]
Providence or IMR	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)), our independent market researcher
Public Issue	:	The invitation by our Company to the Malaysian Public to subscribe for the Public Issue Shares at the IPO Price, payable in full upon Application, subject to the terms and conditions of this Prospectus

DEFINITIONS (CONT'D)

Public Issue Shares	:	70,000,000 new Shares to be issued by our Company under the Public Issue
Record of Depositors	:	A record provided by Bursa Depository to SCRB under Chapter 34 of the Rules
Retail Offering	:	Malaysian Public and Eligible Persons, collectively
RSB	:	Royfield Sdn Bhd (Registration No. 200301006883 (609303-T))
Rules	:	Rules of Bursa Depository
SC	:	Securities Commission Malaysia
SCRB or Company	:	Supreme Consolidated Resources Bhd (Registration No. 201601023207 (1194146-D))
SCRB Group or Group	:	SCRB and our Subsidiaries, collectively
SCS	:	Supreme Cold Storage Sdn Bhd (Registration No. 198701007462 (166180-M))
SCST	:	Supreme Cold Storage Trading Company (Registration No. 16530)
SDV	:	Supreme Dairy Ventures Sdn Bhd (Registration No. 201901020112 (1329441-T))
SFS	:	Supreme Food Supply (M) Sdn Bhd (Registration No. 199901005344 (480244-V))
Share(s)	:	Ordinary share(s) in our Company
Share Registrar	:	Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869-T))
SOP	:	Standard Operating Procedure
STSB	:	Supreme Transportation Sdn Bhd (Registration No. 201601028651 (1199590-D))
Subsidiaries	:	SCS, SFS, BFL, STSB, SDV and Supreme Trading, collectively
Supreme Trading	:	Supreme Trading Sdn Bhd (Registration No. 200801023186 (824509-V))
Transfer of Listing	:	Withdrawal of Listing, Bonus Issue of Shares and Listing, collectively
Underwriting Agreement	:	The underwriting agreement dated [●] entered into between our Company and Kenanga IB pursuant to our Listing
White Application Form	:	Application form for the application of our Public Issue Shares under the Retail Offering by the Malaysian Public accompanying this Prospectus
Withdrawal of Listing	:	Voluntary withdrawal of listing of our Company from the LEAP Market of Bursa Securities pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements

DEFINITIONS (CONT'D)

Currencies and units

AUD	:	Australian Dollar, the lawful currency of Australia
BND	:	Brunei Dollar, the lawful currency of Brunei Darussalam
EURO	:	Euro, the lawful currency of European Union
km	:	Kilometres
NZD	:	New Zealand Dollar, the lawful currency of New Zealand
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
RMB	:	Renminbi, the lawful currency of the People Republic of China
SGD	:	Singapore Dollar, the lawful currency of the Republic of Singapore
USD	:	United States Dollar, the lawful currency of the United States of America
%	:	Per centum

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GLOSSARY OF TECHNICAL TERMS

The following technical terms used in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

Ambient F&B Products	:	Food and beverages products that are stored under the environment actual air temperature
Consumers	:	Individual person, household or entity that directly consumes or uses the product in its original purchased form
F&B Products	:	F&B products is an abbreviation for food and beverages products. Food refers to edible products in its raw, preserved or processed form. Beverages refer to non-alcoholic beverages, unless otherwise specified
Food Service Operators	:	In the context of this Prospectus, food service operators refer to HORECA, bakeries, canteens and caterers
Frozen and Chilled Food Products	:	Frozen and chilled food products that is stored at a constant temperature of approximately -18 degree Celsius in frozen room facilities and constant temperature of approximately 3 degree Celsius in chilled room facilities respectively
GudangSys WMS	:	A warehouse management system used to facilitate the management of the distribution and warehousing operations
HORECA	:	Hotels, restaurants and café
km	:	Kilometres
Non-F&B Products	:	Non food and beverages products such as cleaning and hygiene products
Retailers	:	In the context of this Prospectus, retailers refer to supermarkets, hypermarkets, grocery stores and sundry shops
sq m	:	Square metre
Third-party brands	:	In the context of this Prospectus, third party brands refer to brands that are distributed for brand owners
Warehousing Facilities	:	Warehousing facilities used for the storage of goods and merchandise
Wholesalers	:	In the context of this Prospectus, wholesalers refer to agents, stockists and distributors

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name (Designation)	Address	Nationality	Gender
Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat <i>Non-Independent Executive Chairman</i>	No. 33 Jalan Ong Hap Leong 93200 Kuching Sarawak Malaysia	Malaysian	Male
Ting Ing Thai <i>Non-Independent Executive Director</i>	11639 Jalan Laksamana Cheng Ho Lorong 2 93350 Kuching Sarawak Malaysia	Malaysian	Male
Chin Mui Khiong <i>Independent Non-Executive Director</i>	30 Green Heights Lorong 2A Jalan Lapangan Terbang 93250 Kuching Sarawak Malaysia	Malaysian	Male
Lim Kuan Yew <i>Independent Non-Executive Director</i>	No. 104 Lintang Park 93200 Kuching Sarawak Malaysia	Malaysian	Male
Junijah binti Ismail <i>Independent Non-Executive Director</i>	Lorong Juara 2E Taman Sukma 93050 Kuching Sarawak Malaysia	Malaysian	Female

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1. CORPORATE DIRECTORY (CONT'D)

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chin Mui Khiong	Chairperson	Independent Non-Executive Director
Lim Kuan Yew	Member	Independent Non-Executive Director
Junijah binti Ismail	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Lim Kuan Yew	Chairperson	Independent Non-Executive Director
Chin Mui Khiong	Member	Independent Non-Executive Director
Junijah binti Ismail	Member	Independent Non-Executive Director

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1. CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Yeo Puay Huang (LS0000577)
SSM Practicing Certificate No.: 202008000727
Securities Services (Holdings) Sdn Bhd
(Registration No. 197701005827 (36869-T))
Block B-58, Level 2
Taman Sri Sarawak Mall
Jalan Tunku Abdul Rahman
93100 Kuching
Sarawak, Malaysia
- Telephone No: : +6082 428 626
- REGISTERED OFFICE** : Lot 919, Block 7
Muara Tebas Land District
Demak Laut Industrial Park
Sejingkat, 93050 Kuching
Sarawak, Malaysia
- Telephone No. : +6082 439 511
Facsimile No. : +6082 439 544
- HEAD OFFICE / PRINCIPAL PLACE OF BUSINESS** : Lot 842, Block 7
Muara Tebas Land District
Lorong Demak Laut 3A
Demak Laut Industrial Park
93050 Kuching
Sarawak, Malaysia
- Telephone No. : +6082 439 511
Facsimile No. : +6082 439 544
Email : info@supremegroup.my
Website : www.supremegroup.my
- PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** : Kenanga Investment Bank Berhad
Level 17, Kenanga Tower
237, Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan (KL)
Malaysia
- Telephone No. : +603 2172 2888
Facsimile No. : +603 2172 2999
- SOLICITORS** : Ariffin, Lai & Kan Advocates (Kuching)
Level 2 & Level 3, Block B2
Saradise Kuching
93350 Kuching
Sarawak, Malaysia
- Telephone No. : +6082 572 048
Facsimile No. : +6082 572 261

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND ACCOUNTANTS	REPORTING	: Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 2 nd Floor, C378, Block C, iCom Square Jalan Pending 93450 Kuching Sarawak, Malaysia
		Telephone No : +6082 552 688 Facsimile No. : +6082 266 987
		Partner-in-charge : Chai Tze Chek Approval No. : 02699/06/2025 J Professional qualification : Malaysian Institute of Accountants ("MIA") (MIA Membership No. 11501)
INDEPENDENT RESEARCHER	MARKET	: Providence Strategic Partners Sdn Bhd 67-1, Block D Jaya One Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor, Malaysia
		Telephone No : +603 7625 1769
		Person-in-charge : Elizabeth Dhoss Qualification : Bachelor of Business Administration from the University of Malaya
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd 11 th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Khay Kim Seksyen 13 46200 Petaling Jaya Selangor, Malaysia
		Telephone No. : +603 7890 4700 Facsimile No. : +603 7890 4670
SHARE REGISTRAR	:	Securities Services (Holdings) Sdn Bhd Registration No. 197701005827 (36869-T) Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights, 50490 Wilayah Persekutuan (KL) Malaysia
		Telephone No. : +603 2084 9000 Facsimile No. : +603 2094 9940
LISTING SOUGHT	:	ACE Market of Bursa Securities

2. APPROVALS AND CONDITIONS

2.1 APPROVALS FROM RELEVANT AUTHORITIES

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated [●], approved:

- (i) the Withdrawal of Listing;
- (ii) the admission of our Company to the Official List of the ACE Market; and
- (iii) the listing of and quotation for our entire enlarged issued share capital on the ACE Market.

The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	[●]	[●]

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated [●], approved our resultant equity structure under the Bumiputera equity requirements for public listed companies pursuant to our Listing, subject to compliance with the following conditions (“**Equity Requirement**”):

No.	Details of conditions imposed	Status of compliance
1.	[●]	[●]
2.	[●]	[●]

The effects of our Listing on our equity structure are as follows:

Category of shareholders	As at the [LPD]		After our Listing	
	No. of Shares	% of issued Shares	No. of Shares	% of issued Shares
Bumiputera				
– Bumiputera investors to be approved by the MITI	-	-	⁽¹⁾ 53,750,000	12.50
– Bumiputera public investors via balloting	-	-	⁽¹⁾ 4,300,000	1.00
– Others	⁽²⁾ 6,000,000	1.67	⁽³⁾ 6,300,000	1.47
Total Bumiputera	6,000,000	1.67	64,350,000	14.97
Non-Bumiputera	353,997,000	98.33	365,647,000	85.03
Total Malaysians	359,997,000	100.00	429,997,000	100.00
Foreigners	3,000	⁽⁴⁾ -	3,000	⁽⁴⁾ -
Total	360,000,000	100.00	430,000,000	100.00

2. APPROVALS AND CONDITIONS (CONT'D)

Notes:

- (1) *Based on assumption that the Shares allocated to Bumiputera investors to be approved by the MITI and Bumiputera public investors via balloting shall be fully subscribed.*
- (2) *Existing Bumiputera shareholder, namely Dato Ibrahim Baki.*
- (3) *Including existing Bumiputera shareholder, namely Dato Ibrahim Baki and Independent Non-Executive Director, namely Junijah binti Ismail (assuming full subscription of the Pink Form Shares reserved for her under the Eligible Persons).*
- (4) *The % of shareholding is less than 0.01%.*

2.1.3 MITI

The MITI had, vide its letter dated [●], taken note of and has no objection to our Listing.

2.2 MORATORIUM ON SALE OF OUR SHARES

In compliance with Rule 3.19 of the ACE Market Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholders as follows:

- (i) the moratorium applies to our Specified Shareholders' entire shareholdings for a period of 6 months from the date of our admission to the ACE Market ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, our Specified Shareholders' aggregate shareholdings amounting to at least 45.0% of the total number of issued Shares (adjusted for any bonus issue or subdivision of shares) of SCRB remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**");
- (iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of one-third (1/3) per annum (on a straight-line basis) of their Shares held under moratorium; and
- (iv) where our Specified Shareholders also own securities which are convertible or exercisable into Shares, our Specified Shareholders' shareholdings to be placed under moratorium should amount to 45% of the total number of issued Shares of SCRB assuming full conversion or exercise of such securities owned by our Specified Shareholders.

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2. APPROVALS AND CONDITIONS (CONT'D)

Details of our Shares held by our Specified Shareholders which will be subject to moratorium are as follows:

Name	Shares under moratorium for the First 6-Month Moratorium		Shares under moratorium for the Second 6-Month Moratorium		Shares under moratorium after the Second 6-Month Moratorium	
	No. of Shares held	(1) % of enlarged issued share capital	No. of Shares held	(1) % of enlarged issued share capital	No. of Shares held	(1) % of enlarged issued share capital
Shares held by Specified Shareholders						
BNDM ⁽²⁾	146,400,000	34.05	102,862,745	23.92	68,575,163	15.95
Dato Richard Wee	2,100,000	0.49	1,475,490	0.34	983,660	0.23
Lim Ah Ted	94,500,000	21.98	66,397,059	15.44	44,264,706	10.29
Ting Ing Thai	19,800,000	4.60	13,911,765	3.24	9,274,510	2.16
Ting Ing Soon	9,000,000	2.09	6,323,529	1.48	4,215,686	0.98
Brandon Wee Wei Xuan ⁽³⁾	800,000	0.19	562,092	0.13	374,728	0.09
Lim Hang Min ⁽³⁾	2,600,000	0.60	1,826,797	0.42	1,217,865	0.28
Terence Lim Tze Yung ⁽³⁾	200,000	0.05	140,523	0.03	93,682	0.02
Total	275,400,000	64.05	193,500,000	45.00	129,000,000	30.00

Notes:

(1) Based on total issued shares of 430,000,000 Shares upon our Listing.

(2) The shareholders of BNDM are RSB, Brandon Wee Wei Xuan, Darren Wee Wei Yang, Marcus Wee Wei Chen and Nigel Wee Wei Si; and the shareholders of RSB are Dato Richard Wee and Datin Dona Amat Drury. Further details on the shareholding structures of BNDM and RSB are set out in Section 5.1.2 of this Prospectus.

(3) Assuming all the Pink Form Shares are fully subscribed.

The moratorium has been fully accepted by our Specified Shareholders, who have provided written undertakings that they will not sell, transfer or assign their shareholdings under moratorium during the abovementioned moratorium period.

The above moratorium restriction is specifically endorsed on the share certificates representing the Shares held by our Specified Shareholders which are under moratorium to ensure that our Share Registrar does not register any sale, transfer or assignment that contravenes the aforesaid restriction.

2. APPROVALS AND CONDITIONS (CONT'D)

In accordance with Rule 3.19(2) of the ACE Market Listing Requirements, where the Specified Shareholder or vendor is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will not sell, transfer or assign their securities in the unlisted corporation for the requisite moratorium period.

In compliance with Rule 3.19(2) of the ACE Market Listing Requirements, the Specified Shareholders have each provided undertakings that they will not sell, transfer or assign their shareholdings in our Group under moratorium during the moratorium period. This also includes the shareholders of BNDM, namely RSB, Brandon Wee Wei Xuan, Darren Wee Wei Yang, Marcus Wee Wei Chen and Nigel Wee Wei Si; and the shareholders of RSB, namely Dato Richard Wee and Datin Dona Amat Drury, where all of them have undertaken not to sell, transfer or assign their shareholdings in BNDM and RSB respectively, during the moratorium period.

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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.

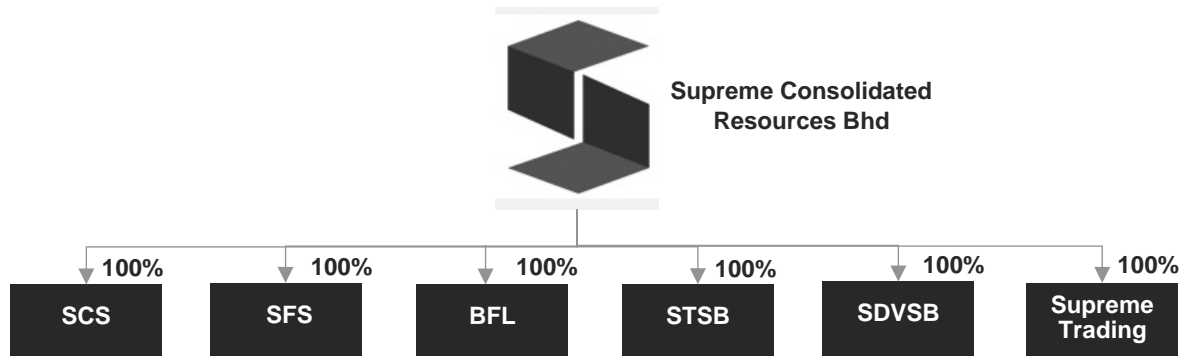
Further details of the moratorium imposed on our Shares are set out in Section 2.2 of this Prospectus and further details of our IPO are set out in Section 4.3 of this Prospectus.

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.

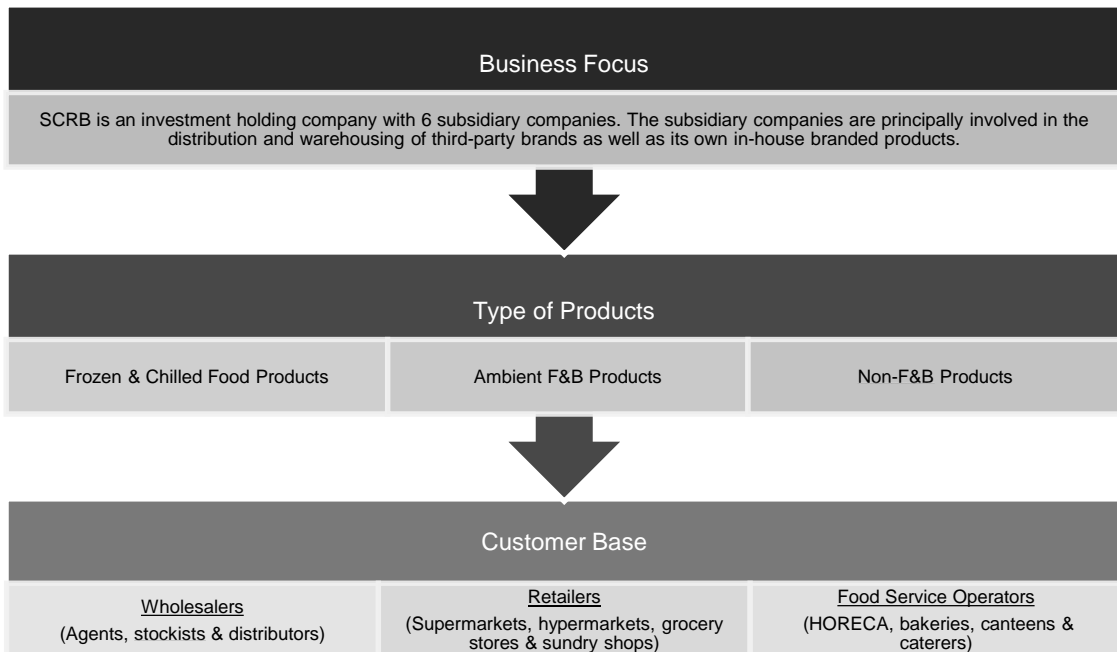
As at the LPD, our Group structure is illustrated as below:



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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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATIONS

Application for our IPO Shares will open at 10.00 a.m. on [●] and will remain open until 5.00 p.m. on [●].

Late Applications will not be accepted.

4.2 INDICATIVE TIMETABLE

An indicative timetable of our IPO is set out below:

Events	Indicative Date
Issuance of the Prospectus / Opening of Application for our IPO	[●]
Closing of Application for our IPO	[●]
Balloting of Application for our IPO	[●]
Allotment of IPO Shares to successful applicants	[●]
Listing on the ACE Market	[●]

In the event there is any change to the timetable, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

4.3 PARTICULARS OF OUR IPO

The Public Issue of 70,000,000 new Shares representing an aggregate of approximately 16.28% of our enlarged number of issued Shares, are issued / offered at the IPO Price payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:

4.3.1 Public Issue

The Public Issue of 70,000,000 new Shares at the IPO Price representing approximately 16.28% of our enlarged number of issued Shares will be made available for Application in the following manner:

(i) Malaysian Public (via balloting)

8,600,000 Public Issue Shares, representing 2.00% of our enlarged number of issued Shares will be made available for application by the Malaysian Public through a balloting process, of which 50.00% will be set aside for Bumiputera individuals, companies, co-operatives, societies and institutions.

4. DETAILS OF OUR IPO (CONT'D)

(ii) Eligible Persons

7,650,000 Public Issue Shares, representing approximately 1.78% of our enlarged number of issued Shares will be made available for application by the Eligible Persons in the following manner:

Eligible Persons	Number of Persons	Pink Form Shares Allocation
Eligible Directors	3	900,000
Eligible employees	[193]	4,000,000
Persons who have contributed to the success of our Group	[13]	2,750,000
Total	[209]	7,650,000

The criteria of allocation to our eligible Directors are based on, amongst others, their respective roles, responsibilities and potential contribution to our Group in the future. The allocation of Pink Form Shares to eligible Directors is as follows:

Name of Directors	Designation	No. of Shares
Chin Mui Khiong	Independent Non-Executive Director	300,000
Lim Kuan Yew	Independent Non-Executive Director	300,000
Junijah binti Ismail	Independent Non-Executive Director	300,000
Total		900,000

The Pink Form Shares will be allocated to eligible key senior management and employees of our Group based on the following criteria as approved by our Board:

- (a) the eligible employee must be a full time and confirmed employee of our Group and who has not submitted his / her resignation as at the LPD;
- (b) the eligible employee must be on our Group's payroll;
- (c) seniority, designation and position;
- (d) length of service;
- (e) past performance and respective contribution made to our Group; and
- (f) the eligible employee must be at least 18 years of age.

The allocation of Pink Form Shares to eligible key senior management who are included in Eligible employees is as follows:

Names of key senior management	Designation	No. of Shares
Tay Pick Chong	Group General Manager	200,000
Justin Ho Tze Shiuan	Assistant General Manager cum Sales and Marketing Manager	200,000
Lim Kok Cheng	General Manager of BFL	200,000
Lim Hang Min	Group Production Manager	200,000
Ho Mui Siok	Group Finance Manager	200,000
Brandon Wee Wei Xuan	Business Development Manager	200,000
Terence Lim Tze Yung	Group Facility Manager	200,000
Total		1,400,000

4. DETAILS OF OUR IPO (CONT'D)

The Pink Form Shares to be allocated to the persons who have contributed to the success of our Group will take into consideration of their current and / or past contribution to the success of our Group. Their allocations are based on, amongst others, their level of contributions to our Group and length of their respective relationships. The persons who have contributed to the success of our Group include, amongst others, our suppliers, customers and business associates.

Save for the allocation made available for the Application as disclosed in Section 4.3.1(ii) of this Prospectus:

- (a) there are no other substantial shareholders, Directors or key senior management who intend to subscribe for our IPO Shares; and
- (b) there are no person(s) who intend to subscribe for more than 5.00% of our IPO Shares.

(iii) Private placement to Bumiputera investors approved by MITI

53,750,000 Public Issue Shares, representing approximately 12.50% of our enlarged number of issued Shares will be made available by way of private placement to Bumiputera investors to be approved by the MITI.

4.3.2 Listing Scheme

Upon completion of our IPO, our Company's entire enlarged issued share capital of RM[●] (after adjusting the estimated listing expenses of approximately RM[●]) comprising 430,000,000 Shares shall be listed on the ACE Market.

4.3.3 Underwriting arrangement and allocation of our IPO Shares

In summary, our IPO Shares will be allocated in the following manner:

Categories	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 total number 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.

The 8,600,000 Public Issue Shares made available for application by the Malaysian Public (via balloting) and the 7,650,000 Pink Form Shares made available to the Eligible Persons under Sections 4.3.1(i) and 4.3.1(ii) respectively are fully underwritten by our Underwriter.

4. DETAILS OF OUR IPO (CONT'D)

Any unsubscribed Public Issue Shares by the Malaysian Public will be made available for application by the Eligible Persons. Any unsubscribed Pink Form Shares will be re-offered to our Group's other Eligible Persons before being re-allocated to the Malaysian Public.

All the 53,750,000 Offer Shares made available to Bumiputera investors approved by the MITI by way of private placement under Section 4.3.2 above ("**MITI Tranche**") are not underwritten. Irrevocable undertakings have been or will be obtained from the MITI's approved Bumiputera investors to subscribe for our IPO Shares available under the private placement.

In the event of an under-subscription of the MITI Tranche, the unsubscribed IPO Shares under the MITI Tranche shall be firstly allocated to the over-subscribed portion of the Bumiputera public under the retail offering, if any, and any balance remaining shall be made available for Application by the non-Bumiputera public under the retail offering. If there are any balance remaining after the allocation to the Bumiputera and non-Bumiputera public under the retail offering, it shall be made available for Application by the Eligible Persons.

The allocation of our IPO Shares shall be on a fair and equitable manner and shall take into account the desirability of distributing our IPO Shares to a reasonable number of applicants with a view:

- (i) to broaden our Company's shareholding base to meet the public shareholding spread requirements of Bursa Securities; and
- (ii) to establish a liquid market for our Shares.

There is no minimum subscription amount to be raised from our IPO. All our IPO Shares are subscribed by Bumiputera investors approved by the MITI and the Malaysian Public, pursuant to their irrevocable undertakings or fully underwritten by our Underwriter. The number of IPO Shares offered under the Public Issue will not be increased via any over-allotment or "greenshoe" option.

The salient terms of the underwriting arrangement are set out in Section 4.10 of this Prospectus.

4.3.4 Share capital

As at the [LPD], the issued share capital for our Company is RM59,866,944 comprising 360,000,000 Shares. Upon completion of our IPO, our Company's entire enlarged issued share capital will be RM[●] (after adjusting the estimated listing expenses of approximately RM[●]) comprising 430,000,000 Shares as follows:

Details	No. of Shares	RM
Existing issued share capital	360,000,000	59,866,944
New Shares to be issued pursuant to the Public Issue	70,000,000	[●]
Less: Estimated listing expenses directly attributable to the Public Issue	-	⁽¹⁾ [●]
Enlarged total number of Shares upon Listing	430,000,000	[●]
IPO Price		[●]
Market capitalisation upon Listing (RM'000) (based on the IPO Price and the number of Shares after our IPO)		⁽²⁾ [●]
Pro forma NA (RM'000) (after Public Issue and use of proceeds)		⁽³⁾ [●]

4. DETAILS OF OUR IPO (CONT'D)

Details	No. of Shares	RM
Pro forma NA per Share (based on the number of Shares after Public Issue and use of proceeds)		⁽³⁾ [●]

Notes:

- (1) *These expenses are capitalised to the share capital of our Company as they are directly attributable to the issuance of our Shares pursuant to the Public Issue. The amount of RM[●] million consists of RM[●] million for brokerage and underwriting fees and RM[●] million for the proportion of listing expenses directly attributable to the Public Issue.*
- (2) *Based on 430,000,000 Shares upon our IPO multiplied by the IPO price of RM[●].*
- (3) *Further details of the pro forma NA are set out in Section 12.16 of this Prospectus.*

4.3.5 Classes of Shares and ranking

As at the date of this Prospectus, we have only one class of shares, being ordinary shares. Our Public Issue Shares will, upon allotment and issue, rank equally in all respect with our existing Shares including voting rights and will be entitled to all rights and dividends and other distributions that may be declared subsequent to the date of allotment of our Public Issue Shares, subject to any applicable Rules.

Subject to any special rights attaching to any Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid by them, be entitled to share the profits paid out by us in the form of dividends and other distributions. Similarly, if our Company is liquidated, our shareholders shall be entitled to the surplus (if any), in accordance with our Constitution after the satisfaction of any preferential payments in accordance with the Act and our liabilities.

At any general meeting of our Company, each of our shareholders shall be entitled to vote in person, by proxy, by attorney or by other duly authorised representative. A proxy may but need not be a member of our Company and there shall be no restriction as to the qualification of the proxy.

On a show of hands, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have one vote for each Share held.

4.4 BASIS OF ARRIVING AT THE PRICE OF OUR IPO SHARES

Our IPO Price of RM[●] per IPO Share was determined and agreed upon by our Board and Principal Adviser after taking into consideration the following factors:

- (i) our pro forma NA per Share of RM[●] as at 30 September 2023 based on 430,000,000 Shares after Listing and subsequent to the utilisation of proceeds from our Public Issue as set out in Section 4.8 of this Prospectus;
- (ii) based on our historical audited consolidated statements of profit or loss and other comprehensive income of our Group for FYE 2023, we recorded a PAT of approximately RM9.22 million representing EPS of RM0.021 based on 430,000,000 Shares upon Listing resulting in a PE Multiple of [●] times. In accordance with Rule 3A.03 of the ACE Market Listing Requirements, a transfer applicant and its sponsor must ensure that there is a clear price discovery mechanism for the Shares which will be transferred to the ACE Market of Bursa Securities. The PE Multiple of [●] times falls within the range of PE Multiples of selected comparable companies between 5.50 times to 46.33 times.

4. DETAILS OF OUR IPO (CONT'D)

We have selected the comparable companies based on the following criteria:

- (a) principally operating in the similar business / sector i.e. distribution of fast-moving consumer goods; and
- (b) listed on the Main Market of Bursa Securities and / or the ACE Market of Bursa Securities.

It should be noted that the comparable companies have been selected on a best-effort basis and may not be directly comparable to our Company due to various factors which include, amongst others, composition of business activities, size of the business, geographical coverage, financial track record, risk profile, marketability and liquidity. The list of comparable companies selected is by no means exhaustive.

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4. DETAILS OF OUR IPO (CONT'D)

Details of the selected comparable public listed companies as at the LPD are as follows:

Name / Market	Principal activities	As at the LPD		⁽¹⁾ Basic earnings per share (RM)	PE Multiple (times)
		Closing price (RM)	Market capitalisation (RM'000)		
SCRB / LEAP Market	Principally involved in the distribution of third-party brands as well as own brand of frozen and chilled food products, ambient F&B products and non-F&B products.	0.67	80,400	0.08	8.38
Selected comparable companies					
DKSH Holdings (Malaysian) Berhad / Main Market	Principally involved in the provision of market expansion services, which range from marketing, to providing sales force, distribution and logistics, invoicing and credit control, handling of inventory and returned goods and other value-added services. These services are provided to consumer goods, healthcare and performance materials clients. Also operates retail outlets selling Famous Amos cookies, manufacturing and supplying of butter and margarine, and related bakery, confectionery and dairy products.	4.55	717,344	0.66	6.89
Farm Fresh Berhad / Main Market	Principally involved in the rearing of dairy cows, production of marketing, sale of cow's milk and plant-based related products.	1.39	2,601,969	0.03	46.33
Fraser & Neave Holdings Berhad / Main Market	Principally involved in the manufacturing and sale of soft drinks, dairy and food products, property development activities and the provision of management services.	29.50	10,819,966	1.48	19.93

4. DETAILS OF OUR IPO (CONT'D)

Name / Market	Principal activities	As at the LPD		⁽¹⁾ Basic earnings per share (RM)	PE Multiple (times)
		Closing price (RM)	Market capitalisation (RM'000)		
Harrisons Holdings (Malaysian) Berhad / Main Market	Principally involved in the marketing, sales and distribution of building materials, industrial and agricultural chemical products, liquor products, consumer goods, engineering and the operation of retail, shipping, insurance and travel agencies.	8.72	597,112	0.99	8.81
Kim Teck Cheong Consolidated Berhad / Main Market	Principally involved in the distribution of consumer-packaged goods and manufacturing of bakery products.	0.22	150,009	0.04	5.50
SDS Group Berhad / Main Market	Principally involved in the manufacturing and distribution of bakery products, as well as operator of food and beverage outlets.	0.80	327,705	0.06	13.33
Spritzer Berhad / Main Market	Principally involved in the production and sale of natural mineral water, carbonated flavoured water, distilled water, drinking water and non-carbonated flavoured water, manufacturing and selling of polyethylene terephthalate ("PET") preforms, PET bottles, caps, toothbrushes and other plastic products, distribution of bottled water and other consumer products, operator of a mini golf course and recreational park and investment holding.	2.03	648,208	0.12	16.92
Wellspire Holdings Berhad / ACE Market	Principally involved in the distribution and online retailer of consumer-packaged foods	0.67	477,124	⁽²⁾ 0.004	⁽³⁾ 167.50
				High	46.33
				Low	5.50
				Average	16.82

Source: Bloomberg

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) *Based on the latest audited PAT attributable to the owners of the company divided by the number of ordinary shares in issue as at the LPD.*
 - (2) *The basic earnings per share is less than RM0.01. Therefore, 3 decimal places is used for this company.*
 - (3) *This is an outlier and the PE Multiple of this company has been excluded in determining the high, low and average PE Multiple of selected comparable public listed companies.*
- (iii) our competitive strengths as described in Section 7.5 of this Prospectus;
 - (iv) our business strategies and future plans as described in Section 7.18 of this Prospectus; and
 - (v) the industry overview and prospects as set out in the IMR Report in Section 8 of this Prospectus respectively.

Prospective investors should note that the market price of our Shares upon Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. Prospective investors should form your own views on the valuation of our IPO Shares and reasonableness of the bases used before deciding to invest in our IPO Shares. You are also reminded to consider carefully the risk factors as set out in Section 9 of this Prospectus.

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4. DETAILS OF OUR IPO (CONT'D)

4.5 EXPECTED MARKET CAPITALISATION UPON LISTING

Based on the IPO Price of RM[●], the total market capitalisation of our Company upon Listing shall be RM[●].

4.6 OBJECTIVES OF OUR IPO

The purposes of our IPO are as follows:

- (i) to establish liquidity for our Shares by the listing of and quotation for our entire issued share capital of 430,000,000 Shares on the ACE Market of Bursa Securities;
- (ii) to provide an opportunity for the Malaysian Public, including our eligible Directors, key senior management and employees to participate in our equity;
- (iii) to enable our Group to raise funds for the purposes specified in Section 4.8 of this Prospectus;
- (iv) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue further growth opportunities as and when they arise; and
- (v) to gain recognition through our listing status which will enhance our Group's reputation in the marketing of our products and services, retention of our employees, expand our customer base and to attract new employees.

4.7 DILUTION

Dilution is computed as the difference between our IPO Price paid by you for our Public Issue Shares and the pro forma NA per Share of our Group immediately after our IPO. Our pro forma NA per Share as at 30 September 2023 after the Bonus Issue of Shares but before our IPO is RM[●], based on the total number of 360,000,000 Shares of our Company after the Bonus Issue of Shares and immediately prior to our IPO.

Upon issuance of the Public Issue Shares and after adjusting for effects of the utilisation of proceeds raised from our IPO, our pro forma NA per Share as at 30 September 2023 would be RM[●] per Share based on our Company's enlarged total number of 430,000,000 Shares. Pursuant thereto, this will result in:

- (i) an immediate decrease in NA per Share of RM[●] to our existing shareholders; and
- (ii) an immediate dilution in NA per Share of RM[●], representing a [●]% dilution to our new investors.

The following table illustrates the effect in our Group's pro forma NA for each Share to our shareholders:

	RM
IPO Price	[●]
Pro forma NA per Share as at 30 September 2023 after our Bonus Issue of Shares but before our Public Issue	(1) [●]
Decrease in pro forma NA per Share after adjusting for the Public Issue and utilisation of proceeds	[●]
Pro forma NA per Share after our IPO and utilisation of proceeds	(2) [●]

4. DETAILS OF OUR IPO (CONT'D)

	RM
<u>Dilution effects after our IPO</u>	
Dilution in NA per Share to new investors	(2) [●]
Dilution in NA per Share to new investors as a percentage of our IPO Price	[●]%

Notes:

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

(2) Calculated based on the total number of 430,000,000 Shares after the completion of our Listing.

Further details of our Group's pro forma NA per Share as at 30 September 2023 are set out in Section 12.16 of this Prospectus.

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors, key senior management or persons connected with them, or any transaction entered into by them which grants them the right to acquire any of our Shares since our incorporation up to the LPD:

Name	(1) No. of Shares before our IPO	No. of Shares from our IPO	Total consideration (RM)	Average effective cost for each Share (RM)
Promoters, Directors and substantial shareholders				
Ting Ing Thai	19,800,000	-	220,000	0.01
Dato Richard Wee	2,100,000	-	350,000	0.17
Promoters and substantial shareholders				
BNDM	146,400,000	-	16,370,000	0.11
Lim Ah Ted	94,500,000	-	1,250,000	0.01
Promoter				
Ting Ing Soon	9,000,000	-	100,000	0.01
Promoters and key senior management				
Lim Hang Min	2,400,000	(2) 200,000	[●]	[●]
Brandon Wee Wei Xuan	600,000	(2) 200,000	[●]	[●]
Terence Lim Tze Yung	-	(2) 200,000	[●]	[●]
Substantial shareholder				
Tan Chiew Ting	27,000,000	-	300,000	0.01
Independent Non-Executive Directors				
Chin Mui Khiong	300,000	(2) 300,000	[●]	[●]
Lim Kuan Yew	-	(2) 300,000	[●]	[●]
Junijah binti Ismail	-	(2) 300,000	[●]	[●]
Key senior management				
Tay Pick Chong	600,000	(2) 200,000	[●]	[●]
Ho Mui Siok	300,000	(2) 200,000	[●]	[●]
Justin Ho Tze Shiuan	240,000	(2) 200,000	[●]	[●]
Lim Kok Cheng	-	(2) 200,000	[●]	[●]
New investors				
Public issue	-	67,700,000	[●]	[●]

Notes:

(1) Number of Shares after completion of the Bonus Issue of Shares and before our IPO.

(2) Assuming all the Pink Form Shares are fully subscribed.

4. DETAILS OF OUR IPO (CONT'D)

4.8 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	

4.8.1 Expansion of warehouse facility

We have allocated RM[●] million representing [●]% of the gross proceeds from the Public Issue for the expansion of warehouse facility that will serve as an additional distribution centre for our Group and is expected to cater for the expansion of our Group's products.

As at the LPD, our Group is still in the midst of identifying a suitable location for the acquisition of a new industrial land for the purpose of the expansion by way of constructing a new warehouse facility. The location of the new industrial land to be acquired is anticipated to be within 10km radius from our Group's current office cum warehouse situated at Lot 919. The size of the new industrial land is expected to be between 1 to 2 acres. Our Group has estimated the cost of the new industrial land to not exceed RM8.00 million and the construction cost to be approximately RM6.00 million and with that an additional 1,500 pallet space will be added to the current 2,588 pallet space in the Warehousing Facilities in Kuching. In the event of a shortfall to cover the total cost of acquisition and construction, our Group will finance the difference via bank facilities and / or internally generated funds. The proportion of bank facilities and / or internally generated funds will be dependent on the existing financing capacity and cash and bank balances at the point of utilisation, which our Group is unable to determine at this juncture.

Our Company will make the necessary announcements in accordance with the LEAP Market Listing Requirements (before completion of the Listing) or the ACE Market Listing Requirements (after completion of the Listing) (if required) as and when our Group enters into any agreement to acquire the new industrial land. If the shareholders' approval and / or other regulatory approvals are required, the necessary approvals will be sought.

4.8.2 Working capital

We have allocated RM[●] million representing [●]% of the gross proceeds from the Public Issue for the day-to-day operations of our Group, including but not limited to, staff related expenses, payments to suppliers and general expenses (such as utilities charges and repair & maintenance). The proposed allocation of the proceeds for the working capital requirements is set out below:

Details	Amount of proceeds	
	RM'000	% of total proceeds
Payments to suppliers	⁽¹⁾ [●]	[●]
Staff related expenses	⁽²⁾ [●]	[●]
General expenses	⁽³⁾ [●]	[●]
Total	[●]	[●]

4. DETAILS OF OUR IPO (CONT'D)

Notes:

- (1) *The allocated amount will be used as payment to our suppliers for the purpose of purchasing inventories for our range of Frozen and Chilled Food Products which includes, but are not limited to frozen beef, frozen buffalo meat, frozen lamb and mutton to support our business growth.*
- (2) *The allocated amount is for the payment of staff salaries and staff allowances of our Group.*
- (3) *Comprising, amongst others, utilities charges and repair & maintenance.*

4.8.3 Estimated listing expenses

We have allocated RM[●] million representing [●]% of the gross proceeds from the Public Issue to meet the estimated cost of our Listing, details of which are as follows:

Estimated listing expenses	Amount of proceeds	
	RM'000	% of total proceeds
Professional fees ⁽¹⁾	[●]	[●]
Brokerage and underwriting fees	[●]	[●]
Regulatory fees	[●]	[●]
Printing, advertising and other miscellaneous expenses	[●]	[●]
Total	[●]	[●]

Note:

- (1) *Includes fees for the Principal Adviser, Solicitors, Reporting Accountants, Independent Market Researcher, Issuing House and other professional advisers.*

In the event the actual proceeds utilised for the listing expenses is lower than the allocation of RM[●] million, the excess will be used for the expansion of warehouse facilities and working capital expenses. Any excess amount required for the listing expenses will be funded from internally generated funds and / or bank borrowings.

Pending the utilisation of the proceeds for the abovementioned purposes, the proceeds raised will be placed in deposits with licensed financial institution(s) or short-term money market instruments as our Board deems fit. Any interest income earned from such deposits or gains arising from the short-term money market instruments will be used to meet the working capital requirements (including but not limited to those as set out in Section 4.8.2 above) of our Group.

4.9 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

4.9.1 Underwriting commission

Kenanga IB, as our Underwriter, has agreed to underwrite 8,600,000 Public Issue Shares made available for application by the Malaysian Public and 7,650,000 Pink Form Shares made available to the Eligible Persons as set out in Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus. We will pay our Underwriter an underwriting commission at the rate of [●]% of the total value of the underwritten Shares based on the IPO Price.

4. DETAILS OF OUR IPO (CONT'D)

4.9.2 Brokerage fee

We will pay brokerage at the rate of [●]% on the IPO Price in respect of all successful applications that bear the stamp of either Kenanga IB, the participating organisations of Bursa Securities, the members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

4.9.3 Placement fee

Our Placement Agent has agreed to place out 53,750,000 IPO Shares to Bumiputera investors approved by the MITI. We are obliged to pay our Placement Agent for the Public Issue Shares allocated for private placement comprising:

- (i) management fees of [●]%; and
- (ii) placement fee of [●]%,

both of which are computed based on the value of Shares placed out to Bumiputera investors approved by the MITI at the IPO Price.

4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

[●]

4.11 TRADING AND SETTLEMENT IN SECONDARY MARKET

Upon our Listing, our Shares will be traded through Bursa Securities and settled by book-entry settlement through the CDS (which is operated by Bursa Depository). This will be effected in accordance with the Rules of Bursa Depository and the provisions of the SICDA. Accordingly, our Company will not deliver share certificates to the subscribers of our IPO Shares.

Beneficial owners of our Shares are required under the Rules of Bursa Depository to maintain our Shares in CDS Accounts, either directly in their name or through authorised nominees. Persons whose names appear in the Record of Depositors maintained by Bursa Depository will be treated as the shareholders of our Company in respect of the number of Shares credited to the respective CDS Accounts.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's CDS Account being debited with the number of Shares sold and the buyer's CDS Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis, although there is a nominal transfer fee of RM10 payable for each transfer not transacted on the market.

All Shares held in CDS Accounts may not be withdrawn from the CDS except in the following instances:

- (i) to facilitate a share buy-back;
- (ii) to facilitate a conversion of debt securities;
- (iii) to facilitate company restructuring process;
- (iv) where a body corporate is removed from the Official List of Bursa Securities;
- (v) to facilitate a rectification of any error; and
- (vi) in any other circumstances as determined by Bursa Depository from time to time.

4. DETAILS OF OUR IPO (CONT'D)

Trading of shares of companies listed on Bursa Securities is normally done in “board lots” of 100 shares. Investors who desire to trade less than 100 share will trade under the odd lot board. Settlement of trade done on a “ready” basis on Bursa Securities generally takes place on the 2nd Market Day following the transaction date, and payment for the securities is generally settled on the 2nd day Market Day following the transaction date.

It is expected that our IPO Shares will not commence trading on Bursa Securities until about 10 Market Days after the close of the Retail Offering. Holders of our Shares will not be able to sell or otherwise deal in our Shares (except by way of a book-entry transfers to other CDS Accounts in circumstances which do not involve a change in beneficial ownership) prior to the commencement of trading on Bursa Securities.

4.12 DETAILS OF OUR PREVIOUS PROPOSAL**Initial Public Offering on the LEAP Market of Bursa Securities**

On 30 November 2018, our Company had issued an Information Memorandum for the public issue of 13,140,000 new ordinary Shares, representing 10.95% of the enlarged Shares of our Company at an issue price of RM0.50 per Share by way of private placement to sophisticated investors which amounted to RM6.57 million.

On 16 January 2019, our Company was listed on the LEAP Market of Bursa Securities which entails the listing of and quotation of its enlarged issued share capital of RM59.87 million (after deducting RM0.13 million in relation to share issue expenses) comprising 120,000,000 Shares.

(i) Utilisation of proceeds

The details and status of the utilisation of proceeds from our listing on the LEAP Market of Bursa Securities are as follows:

	Amount raised RM'000	Utilisation as at the LPD RM'000	Balance RM'000	Completion date
Construction of Warehousing Facilities ⁽¹⁾	3,500	3,500	-	August 2019
Working capital ⁽²⁾	1,970	1,970	-	June 2019
Estimated listing expenses ⁽³⁾	1,100	1,100	-	February 2019
Total	6,570	6,570	-	

Notes:

- (1) *The proceeds were used to part finance the construction of a new Warehousing Facilities comprising a 3-storey office cum warehouse with a total cost of RM13.00 million. The total cost of RM13.00 million was subsequently revised to RM13.14 million via variation orders. The balance amount of RM9.64 million was sourced from bank facilities (RM5.54 million) and internally generated funds (RM4.10 million). The cost includes warehouse, cold storage facilities (such as freezer and chiller room to store Frozen and Chilled Food Products), office, loading and unloading bay as well as a fully-equipped kitchen.*

4. DETAILS OF OUR IPO (CONT'D)

The Warehousing Facilities were built on the identified land owned by our Company's subsidiary, SCS, which is located at Demak Laut Industrial Park in Kuching, measuring approximately 7,720 square metres and described as Lot 842. The location of this land is adjacent to our Group's current office cum warehouse situated at Lot 919.

The new warehouse was completed on 14 August 2020 (within 24 months of listing on LEAP Market of Bursa Securities) and our Company has obtained all the necessary permits, such as Occupation Permit. The proceeds were used based on stages of completion and the last payment was made in August 2019.

- (2) The proceeds of RM1.97 million were intended to be used for the day-to-day operations of our Group, which included but are not limited to, staff related expenses, payments to suppliers and other creditors, and general expenses such as utilities charges, administrative expenses and other operating expenses are as follows:

Purpose	RM'000
Payment for staff related expenses and trade related creditors	550
Repayment of trade line facility, finance costs and bank charges in relation to bank facilities for operations	1,420
Total	1,970

The proceeds have been utilised progressively and the last proceeds was utilised in June 2019, which is within 12 months of the listing in the LEAP Market of Bursa Securities.

- (3) The proceeds allocated for the listing expenses include professional fees, fees payable to relevant authorities and other miscellaneous expenses in relation to the listing on the LEAP Market of Bursa Securities are as follows:

Estimated listing expenses	RM'000
Professional fees (include advisory fee from Principal Adviser, Legal Adviser, Reporting Accountants, Market Researcher and Valuers)	850
Regulatory fees (include processing fee, initial listing fee and lodgement fee)	15
Placement fee for Sophisticated Investors	143
Miscellaneous fee (printing, travelling expenses, etc)	92
Total	1,100

As at the LPD, our Company has fully utilised the proceeds raised via our listing on the LEAP Market of Bursa Securities.

4. DETAILS OF OUR IPO (CONT'D)

(ii) Business plans

The details and status of our Group's business plans as disclosed in the Information Memorandum are as set out below:

Section in the Information Memorandum	Disclosures in the Information Memorandum	Current status
<p><u>Section 4.17 (i)</u></p> <p>Construction of New Warehousing Facilities</p>	<p>We aim to construct new warehousing and cold storage facility that will serve as a main distribution centre for the Group and is expected to cater for the expansion of the Group's products. The new warehousing and cold storage facility will be built on an existing vacant industrial land described as Lot 842.</p> <p>The current warehousing and cold storage facilities is operating at almost full capacity, resulting in the need to rent additional storage space to store the products which increases our expenses and reduces operational efficiency. The new warehousing facilities will include a new warehousing area, cold storage facilities (such as freezer and chiller room to store frozen and chilled food), office, loading and unloading bay as well as a fully-equipped kitchen which is to be used for marketing activities such as cooking demonstrations to our customers. The built-up area of the warehousing facilities is approximately 2,000 square metres.</p> <p>The Group had submitted a development plan to the local authority for the construction of the new warehousing facilities and the formal approval dated 13 June 2018 for the proposed construction has been obtained from the Land and Survey Department, Kuching Division. The total cost of the construction of new warehousing facilities is estimated at RM13.0 million. Of the RM13.0 million, we intend to utilise RM3.5 million from the Excluded Issue proceeds to fund part of the construction cost while the remaining balance will be funded through our internally generated funds and / or bank borrowings.</p>	<p>Our Group has constructed new Warehousing Facilities at Lot 842 comprising a 3-storey office cum warehouse at Demak Laut, Kuching, with a built up area of approximately 3,226.20 square metres with the capacity of 1,536 pallet space. There was an increase in the built up area by 1,226.20 square metres from the initial plan of approximately 2,000 square metres due to extension at the back of the building for the storage of the cold room facilities.</p> <p>The actual construction cost of the new Warehousing Facilities was initially at RM13.00 million, which was subsequently revised to RM13.14 million via variation orders, in which RM3.50 million was financed using the proceeds raised arising from our listing on the LEAP Market of Bursa Securities and the balance amount of RM9.64 million was financed using bank facilities (RM5.54 million) and internally generated funds (RM4.10 million).</p> <p>The construction of the new Warehousing Facilities was completed and the completed facilities were handed over to our Group on 26 October 2020. Subsequently, our Group has commenced operations in this new Warehousing Facilities after 6 May 2021.</p> <p>Pursuant to the completion of the construction, the Warehousing Facilities in Kuching have been expanded from 1,052 pallet space to 2,588 pallet space.</p>
<p><u>Section 4.17 (ii)</u></p> <p>Expanding Product Range</p>	<p>The Group intends to secure new agency rights as part of its efforts to introduce new products that are in line with customers' needs. The expansion will involve securing rights for local and overseas products that complement the current product offerings. The product range expansion will also include the sourcing and securing of agency rights for alternative products, such as blended butter, which are priced lower than butter, to provide the customers with additional choices</p>	<p>Since our listing on the LEAP Market of Bursa Securities and up to the LPD, our Group has added 30 new brands to our range of product for distribution, among others "Nippy's", "Eden Duck", "Tyson", etc. Out of these 30 new brands, we have secured 12 agency rights. These agency rights allow our Group to distribute Frozen and Chilled Food Products (such as frozen further processed products, frozen pastries,</p>

4. DETAILS OF OUR IPO (CONT'D)

Section in the Information Memorandum

Disclosures in the Information Memorandum

Current status

with different pricing. One successful example of the product range expansion includes securing the rights to distribute dry F&B products in Sri Aman and its surrounding areas, which increases the type of dry F&B products that we currently offer.

cheese), Ambient F&B Products (noodles, sauces, syrup) and Non-F&B Products (such as cleaning and hygiene). Some of these agency rights are effective indefinitely until otherwise notified by either party, and some agency rights have an effective period of between 1 to 5 years, thereafter will be renewed automatically or upon mutual agreement between parties.

Previously, our Group has secured the rights to distribute dry F&B products in Sri Aman and its surrounding areas on 9 April 2018. The timeframe for rights to distribute does not have an expiry. However, the rights to distribute dry F&B Products in Sri Aman and its surrounding areas was subsequently discontinued by SFS with effect from 1 July 2019. The discontinuation has no material impact to the business operations and financial performance of our Group.

Section 4.17 (iii)

Expanding Distribution Network

The Group's warehousing and distribution facilities are currently located in Kuching and Miri. As part of SCRB's expansion plan, the Group intends to increase the number of distribution network in selected districts in Sarawak in order to have its own distribution network for improved distribution efficiency and at the same time, reduce dependency on distributors. The Group is currently exploring the possibilities of expanding its distribution network to Sibul and Bintulu, two (2) districts that are located in the middle of the State of Sarawak. The expansion of the distribution network will be achieved via acquisition of suitable distributors in the two (2) identified districts or by establishing a distribution network in the said districts.

Since our listing on the LEAP Market of Bursa Securities, our Group has been continuously looking out for suitable companies to acquire for our distribution network. However, as at the LPD, discussions had been held with a few entities for the acquisitions of distribution networks in Sibul and Bintulu, but suitable acquisitions have not materialised.

Although there are no suitable acquisitions thus far, the plan for establishing a distribution network in the said districts still remains as this is one of the strategies that our Group intends to undertake moving forward to ensure sustainable growth and it will also help in improving our distribution efficiency and the reach of products that we currently distribute. Currently, the distribution business in Sibul and Bintulu continues to be serviced by our strategic partners, namely Fortune Supreme Food Supply (Sibul) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd. Please refer to Section 7.8.1 for further information on the strategic partners of our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

5.1 OUR PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters and substantial shareholders' shareholdings

The following table shows the shareholdings of our Promoters and substantial shareholders before our IPO and after our IPO:

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⁾ 146,400,000	40.67	2,100,000	0.49	⁽³⁾ 146,000,000	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	-	-	⁽⁶⁾ 2,600,000	0.60	-	-
Brandon Wee Wei Xuan	Malaysian	600,000	0.16	-	-	⁽⁶⁾ 800,000	0.19	-	-
Terence Lim Tze Yung	Malaysian	-	-	-	-	⁽⁶⁾ 200,000	0.05	-	-
<u>Substantial shareholders</u>									
RSB	Malaysia	-	-	⁽⁴⁾ 146,400,000	40.67	-	-	⁽⁴⁾ 146,400,000	34.05
Datin Dona Amat Drury	Malaysian	-	-	⁽⁵⁾ 146,400,000	40.67	-	-	⁽⁵⁾ 146,400,000	34.05
Tan Chiew Ting	Malaysian	27,000,000	7.50	-	-	27,000,000	6.28	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

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 after our IPO.*
- (3) *Deemed interested by virtue of his substantial shareholdings in BNDM pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of its shareholdings in BNDM pursuant to Section 8 of the Act.*
- (5) *Deemed interested by virtue of her substantial shareholdings in BNDM pursuant to Section 8 of the Act.*
- (6) *Assuming all the Pink Form Shares are fully subscribed.*

Save for our Promoters and substantial shareholders above, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company. As at the LPD, our Promoters and substantial shareholders have the same voting rights and there is no arrangement between our Company and its shareholders with any third parties, the operation of which may, at a subsequent date, result in the change in control of our Company.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.2 Profiles of Promoters and substantial shareholders

The profiles of our Promoters and substantial shareholders are as follows:

(i) **BNDM Incorporated Holdings Sdn Bhd**
Promoter and substantial shareholder

BNDM Incorporated Holdings Sdn Bhd is our Promoter and substantial shareholder.

BNDM was incorporated in Malaysia on 20 June 1997 under the Companies Act 1965 (now repealed by the Act) as a private limited company under the name of Transfab Technologies Sdn Bhd. On 14 February 2003, it assumed its current name of BNDM Incorporated Holdings Sdn Bhd. BNDM is principally involved in investment holding and provision of management services.

As at the LPD, BNDM's issued and paid-up share capital is RM1,000,000.00 comprising 1,000,000 ordinary shares.

The directors and shareholders of BNDM and their respective shareholdings in our Company as at the LPD are as follows:

Name	Direct		Indirect	
	No. of shares	% of shareholdings	No. of shares	% of shareholdings
<u>Directors and shareholders</u>				
Dato Richard Wee	-	-	⁽¹⁾ 800,000	80.00
Datin Dona Amat Drury ⁽²⁾	-	-	⁽¹⁾ 800,000	80.00
Brandon Wee Wei Xuan ⁽³⁾	50,000	5.00	-	-
Nigel Wee Wei Si ⁽³⁾	50,000	5.00	-	-
<u>Shareholders</u>				
RSB ⁽⁴⁾	800,000	80.00	-	-
Darren Wee Wei Yang ⁽³⁾	50,000	5.00	-	-
Marcus Wee Wei Chen ⁽³⁾	50,000	5.00	-	-

Notes:

- (1) *Deemed interested by virtue of their respective substantial shareholdings in RSB pursuant to Section 8 of the Act.*
- (2) *Spouse of Dato Richard Wee*
- (3) *Son of Dato Richard Wee.*
- (4) *The shareholders of RSB are Dato Richard Wee (80.00%) and Datin Dona Amat Drury (20.00%). The directors of RSB are Dato Richard Wee, Datin Dona Amat Drury and Brandon Wee Wei Xuan.*

As at the [LPD], BNDM holds 146,400,000 Shares, which represents approximately 40.67% of the total issued Shares.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) **Dato Richard Wee**

Promoter, substantial shareholder and Non-Independent Executive Chairman

Dato Richard Wee, a Malaysian aged 65, is our Promoter, an indirect major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and our Non-Independent Executive Chairman. He was appointed to our Board as Non-Independent Executive Vice Chairman on 11 July 2016 and re-designated as Non-Independent Executive Chairman on 20 March 2024. He oversees the management and operations and is responsible for the overall strategy and business development of our Group.

In March 1981, he obtained his Diploma in Management Development from Asian Institute of Management in Manila and is also a member of the Malaysian Institute of Management. After graduating in March 1981, he began his career with Eastern Oxygen Sdn Bhd, a company which was involved in industrial and medical gases manufacturing and trading, as the Acting General Manager until he was promoted to be the Managing Director in 1986.

He played instrumental roles in the listing of Eastern Oxygen Bhd ("**EOB**") on the Second Board of Kuala Lumpur Stock Exchange (now known as Bursa Securities) on 27 December 1995. Subsequently, he oversaw the restructuring exercise and the diversification of EOB from the manufacturing of industrial gas into containerised shipping line in 1998 and the transfer of EOB's listing status to the Main Board of Bursa Securities in 2001 under the name of EOX Group Bhd.

In February 2004, EOX Group Bhd changed its name to Hubline Berhad ("**Hubline**"), where he served as a Group Managing Director until June 2005. In June 2005, he was appointed as the Non-Independent Non-Executive Chairman and was re-designated as the Non-Independent Executive Chairman in October 2020. In March 2024, he was then re-designated as the Group Executive President of Hubline.

In January 2023, he was appointed as a member of the Board of Trustees for The Sarawak Foundation, also known as Yayasan Sarawak, of which his tenure of appointment will continue until the end of December 2025.

Dato Richard Wee is the father of Brandon Wee Wei Xuan, who is our Promoter and Business Development Manager.

Further details of his directorships in other companies are as set out in Section 5.2.4 of this Prospectus.

(iii) **Lim Ah Ted**

Promoter and substantial shareholder

Lim Ah Ted, a Malaysian aged 69, is our Promoter and substantial shareholder.

He completed his secondary education in November 1971 in Kuching. In 1980, he obtained a Diploma in Tropical Agriculture from International Correspondence Schools, London. In June 1988, he was admitted as a Fellow of the Chartered Management Institute after obtaining a diploma from The International Commercial Management Institute.

He began his career with Joo Chan Company in 1971 as an Operations Trainee where he was responsible for the company's operations, thereby exposing him to the local cold storage industry.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In 1980, he left Joo Chan Company and joined Cold Storage (M) Bhd as a Sales cum Operations Executive where he was responsible for sales and marketing activities as well as overseeing the warehousing operations. He left Cold Storage (M) Bhd in 1982 and formed Paris Trading Company (“PTC”) with other partners. PTC was principally involved in the distribution of frozen and chilled food as well as dairy products throughout Sarawak. In March 1984, he left PTC to establish Supreme Cold Storage Trading Company, as one of the co-founders, to venture into the distribution of frozen and chilled food.

In October 1987, he established SCS to assume the operations of Supreme Cold Storage Trading Company. In April 1999, he established SFS as a co-founder with another shareholder. The principal business of SFS involves distribution frozen and chilled food products, and dairy food products throughout Sarawak.

In May 2000, Lim Ah Ted, together with others, incorporated BFL to assume the operations of Prime Cuts Coldstorage Sdn Bhd (“PCC”) (which was incorporated by Ting Ing Thai) which is a company involved in the supply of frozen, dry and chilled food to various businesses in Miri.

He is the brother of Lim Hang Min, who is our Promoter and Group Production Manager and father of Terence Lim Tze Yung, who is our Promoter and Group Facility Manager.

(iv) Ting Ing Thai

Promoter, substantial shareholder and Non-Independent Executive Director

Ting Ing Thai, a Malaysian aged 62, is our Promoter, substantial shareholder and Non-Independent Executive Director. He was appointed to our Board on 14 July 2017. He is responsible for overseeing the day-to-day operations of BFL and its business strategies.

After completing his secondary education in Kuching in November 1979, he began his career by joining a family-owned business, Ting & Ting Supermarket (“TTS”), the first supermarket in Kuching, Sarawak where he was responsible for the daily operations of TTS. In 1990, he founded PCC, a company which is principally involved in the distribution of frozen, dry, and chilled food to various businesses in Miri. Later in collaboration with others, he established BFL in May 2000, to assume the operations of PCC.

He is the brother of Ting Ing Soon, who is our Promoter.

Further details of his directorships in other companies are as set out in Section 5.2.4 of this Prospectus.

(v) Brandon Wee Wei Xuan

Promoter and Business Development Manager

Brandon Wee, a Malaysian aged 39, is our Promoter and Business Development Manager. He is responsible for seeking new business by securing new agencies and new products to drive the business growth of our Group, seeking for potential merger and acquisition and enhance our Group’s distribution channel.

He obtained a Bachelor of Commerce in Business Law from Curtin University of Technology in Perth, Western Australia in September 2010.

He began his career with OSK Investment Bank Berhad in March 2010 as an Associate focusing on corporate advisory. In March 2012, he moved to Proventeus Capital Sdn Bhd, a company which is involved in investing in high growth sectors as an investment analyst responsible for assessing and managing the firm’s investments.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

Subsequently, he left Proventeus Capital Sdn Bhd in March 2014 and joined Crowe Malaysia as a Senior Associate in its Corporate Advisory Department where he was responsible for advising on corporate exercises. He then left Crowe Malaysia and was appointed as a director of BNDM in November 2014, where he is responsible for overseeing its investment strategies.

He then joined STSB in June 2017 and was appointed as a Group Operations Manager. Subsequently, he was re-designated as the Business Development Manager of our Group in May 2023.

He is the son of Dato Richard Wee, who is our Promoter, substantial shareholder and Non-Independent Executive Chairman.

Further details of his directorships in other companies are as set out in Section 5.4.4 of this Prospectus.

(vi) Terence Lim Tze Yung
Promoter and Group Facility Manager

Terence Lim Tze Yung, a Malaysian aged 41, is our Promoter and Group Facility Manager. He is responsible for our Group's operations and facilities.

He completed his secondary education at Green Road Secondary School, Kuching in 2000. He then enrolled in an Advanced Diploma from Edith Cowan University in Perth, Western Australia in 2000. He subsequently withdrew from the course and returned to Malaysia in 2005. He began his career in SCS in 2006 as a Warehouse Assistant and later joined SCS's sales team in 2007 as a Sales Representative where his responsibilities include expanding the company's sales via securing new customers while maintaining the relationship with current customers.

Thereafter, he resigned from his position in SCS in 2009 and was later appointed as a Director in SFS in the same year where he was responsible for overseeing the business operations and customers' accounts. He was later promoted to his current position in 2017 subsequent to the internal restructuring exercise of our Group in the same year.

He is the son of Lim Ah Ted, who is our Promoter and substantial shareholder, and nephew of Lim Hang Min, who is our Promoter and Group Production Manager.

Further details of his directorships in other companies are as set out in Section 5.4.4 of this Prospectus.

(vii) Ting Ing Soon
Promoter

Ting Ing Soon, a Malaysian aged 61, is our Promoter.

After completing his secondary education in Kuching in November 1980, similar to his brother, Ting Ing Thai, he joined his family-owned Ting & Ting Supermarket, where he was responsible for overseeing the sundry department before resigning in June 2019. In 1990, he was made a director and also became a shareholder in PCC, a company which was founded by his brother, Ting Ing Thai and which is principally involved in the distribution of frozen, dry, and chilled food to various businesses. Subsequently in May 2000, in collaboration with others, he co-founded BFL to take over PCC's operations, as a Non-Executive Director of BFL. He is not involved in the day-to-day operation of the company.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He is the brother of Ting Ing Thai, who is our Promoter, substantial shareholder and Non-Independent Executive Director.

(viii) Lim Hang Min
Promoter and Group Production Manager

Lim Hang Min, a Malaysian aged 62, is our Promoter and Group Production Manager. He is responsible for overseeing the day-to-day operations of the production department.

After finishing his secondary education in December 1980, he started his career with the Samling group of companies in February 1981 as an Enumeration Surveyor, to survey the log quantities in the forest. In April 1984, he joined Supreme Cold Storage Trading Company as Operations and Warehousing Supervisor. In November 1987, he moved to SCS which assumed the business of Supreme Cold Storage Trading Company as a Production and Warehouse Manager. He became a shareholder in November 1992.

In September 2015, Lim Hang Min alongside other shareholders in SCS had disposed off his shares in SCS to BNDM. However, he remained in SCS to supervise the production and facilities of SCS.

In January 2018, he became our Group Production Manager and continues to lead our Group's production.

He is the brother of Lim Ah Ted, who is our Promoter and substantial shareholder, and uncle to Terence Lim Tze Yung, who is our Promoter and Group Facility Manager.

Further details of his directorships in other companies are as set out in Section 5.4.4 of this Prospectus.

(ix) Royfield Sdn Bhd
Substantial shareholder

Royfield Sdn Bhd is our substantial shareholder.

RSB was incorporated on 18 March 2003 under the Companies Act, 1965 (now repealed by the Act) as a private limited company under its present name.

RSB is the controlling shareholder of BNDM as it has 80.00% shareholdings in BNDM.

As at the LPD, RSB's paid up share capital is RM2,000,000.00 comprising 2,000,000 ordinary shares. RSB is principally involved in investment holding and provision of management services.

The directors and shareholders of RSB as at the LPD are as follows:

	<u>No. of shares</u>	<u>% of shareholdings</u>
<u>Directors and shareholders</u>		
Dato Richard Wee	1,600,000	80.00
Datin Dona Amat Drury	400,000	20.00
<u>Director</u>		
Brandon Wee Wei Xuan	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(x) Datin Dona Amat Drury
Substantial shareholder

Datin Dona Amat Drury, Malaysian aged 60, is an indirect substantial shareholder of our Company by virtue of her substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM.

She currently sits on the board of several private companies. She is actively involved in social works. She is the President of the Sarawak Society for the Prevention of Cruelty to Animals ("**SSPCA**") and is actively advocating spaying and neutering of cats and dogs as well as conducting fund-raising for new animal shelters.

Datin Dona Amat Drury is the spouse of Dato Richard Wee, who is our Promoter, substantial shareholder and Non-Independent Executive Chairman, and the mother of Brandon Wee Wei Xuan, who is our Promoter and Business Development Manager.

(xi) Tan Chiew Ting
Substantial shareholder

Tan Chiew Ting, a Malaysian aged 66, is our substantial shareholder.

He completed his Form 5 education in SMK Bintulu in 1977. After finishing school, he started working in his family's hardware business before establishing SFS in 2003, a company which is involved in the distribution of dry F&B for third party brands. He subsequently established Ting & Ling Trading Sdn Bhd, a company which is involved in general trading in 2004 and Asfine Marketing Sdn Bhd, a company which is involved in general trading in frozen products and dry food in 2008 as director and shareholder to distribute frozen food.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company

The significant changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation are as follows:

Name	As at date of incorporation				As at the [LPD]				After Our IPO			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
<u>Promoters and substantial shareholders</u>												
BNDM	1	50.00	-	-	146,400,000	40.67	-	-	146,400,000	34.05	-	-
Dato Richard Wee	-	-	(3) 1	50.00	2,100,000	0.58	(3) 146,400,000	40.67	2,100,000	0.49	(3) 146,400,000	34.05
Lim Ah Ted	1	50.00	-	-	94,500,000	26.25	-	-	94,500,000	21.98	-	-
Ting Ing Thai	-	-	-	-	19,800,000	5.50	-	-	19,800,000	4.60	-	-
<u>Promoters</u>												
Ting Ing Soon	-	-	-	-	9,000,000	2.50	-	-	9,000,000	2.09	-	-
Lim Hang Min	-	-	-	-	2,400,000	0.67	-	-	(6) 2,600,000	0.60	-	-
Brandon Wee Wei Xuan	-	-	-	-	600,000	0.16	-	-	(6) 800,000	0.19	-	-
Terence Lim Tze Yung	-	-	-	-	-	-	-	-	(6) 200,000	0.05	-	-
<u>Substantial shareholders</u>												
RSB	-	-	(4) 1	50.00	-	-	(4) 146,400,000	40.67	-	-	(4) 146,400,000	34.05
Datin Dona Amat Drury	-	-	(5) 1	50.00	-	-	(5) 146,400,000	40.67	-	-	(5) 146,400,000	34.05
Tan Chiew Ting	-	-	-	-	27,000,000	7.50	-	-	27,000,000	6.28	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

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 after our IPO.*
- (3) *Deemed interested by virtue of his substantial shareholdings in BNDM pursuant to Section 8 of the Act.*
- (4) *Deemed interested by virtue of its shareholdings in BNDM pursuant to Section 8 of the Act.*
- (5) *Deemed interested by virtue of her substantial shareholdings in BNDM pursuant to Section 8 of the Act.*
- (6) *Assuming all the Pink Form Shares are fully subscribed.*

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.1.4 Promoters and / or substantial shareholders' remuneration and benefits

Save for the aggregate remuneration and benefits paid and proposed to be paid for services rendered to our Group in all capacities to our Group, there are no other dividends, amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

5.2 BOARD OF DIRECTORS

5.2.1 Board

Our Board comprises the following members:

Name	Age	Nationality	Date of appointment	Designation
Dato Richard Wee	65	Malaysian	11 July 2016	Non-Independent Executive Chairman
Ting Ing Thai	62	Malaysian	14 July 2017	Non-Independent Executive Director
Chin Mui Khiong	70	Malaysian	1 March 2018	Independent Non-Executive Director
Lim Kuan Yew	69	Malaysian	30 May 2022	Independent Non-Executive Director
Junijah Binti Ismail	54	Malaysian	20 March 2024	Independent Non-Executive Director

Pursuant to Clause 21.11 of our Constitution, any Director appointed by our Board shall hold office only until the next annual general meeting and shall then be eligible for re-election. Pursuant to Clause 21.7 of our Constitution, at each annual general meeting of our Company, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire from office at the conclusion of the annual general meeting provided always that all Directors shall retire from office once at least in each 3 years as required by the ACE Market Listing Requirements but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. Pursuant to Clause 21.8 of our Constitution, the Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot, unless they otherwise agree among themselves.

5.2.2 Profiles of our Directors

The profiles of our Directors, namely Dato Richard Wee and Ting Ing Thai, who are also our Promoters and substantial shareholders are disclosed in Section 5.1.2 of this Prospectus.

The profiles of our other Directors are as follows:

(i) **Chin Mui Khiong**
Independent Non-Executive Director

Chin Mui Khiong, a Malaysian aged 70, is our Independent Non-Executive Director, chairperson of our Audit and Risk Management Committee and a member of our Nomination and Remuneration Committee. He was appointed to our Board on 1 March 2018.

He completed the examinations of the Association of Chartered Certified Accountants ("**ACCA**") in 1979 and was admitted as a member of ACCA in December 1982. He is also a member of the Malaysian Institute of Accountants since December 1983, and subsequently admitted as a Fellow member of ACCA in December 1987.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

He began his career as an auditor at Hanafiah Raslan & Mohamad which subsequently merged with Arthur Andersen in 1990, which in turn merged with Ernst & Young in 2002.

During his career as an auditor, he was responsible for overseeing statutory audits for private limited companies until his appointment as a Partner of the firm in 1997, a position he held until his retirement in June 2015. During the period, he has served as the partner-in-charge of a number of companies listed on Bursa Securities as well as private and quasi-government corporations which included industries such as manufacturing, plantation, banking, construction, transportation services, hotel, hospital, education, stockbroking, unit trusts and government agencies.

In August 2015, he was appointed as an Independent Non-Executive Director of Cahya Mata Sarawak Berhad until his retirement in May 2021. Currently he is also the Independent Non-Executive Director of Landmarks Berhad, Ibraco Berhad and Hubline Berhad, of which these 3 companies are listed on the Main Market of Bursa Securities.

He is an accountant by training with over 35 years of professional experience in the areas of audit and business advisory services.

He has no familial relationships with our Promoters, substantial shareholders, Directors, and key senior management of our Group.

Further details of his directorships in other companies are as set out in Section 5.2.4 of this Prospectus.

(ii) Lim Kuan Yew
Independent Non-Executive Director

Lim Kuan Yew, a Malaysian aged 69, is our Independent Non-Executive Director, chairperson of our Nomination and Remuneration Committee and a member of our Audit and Risk Management Committee. He was appointed to our Board on 30 May 2022.

He has a Diploma in Marketing from Chartered Institute of Marketing in December 1994. Subsequently in October 2002, he obtained a Master of Business Administration from Brunel University.

He began his career as a Branch Manager for Ben Foods (East Malaysia) Sdn Bhd in Miri Sarawak, overseeing a wholesale branch and a supermarket targeting expatriates from April 1983 to July 1985. From August 1985 to January 1992, he was the Branch Manager for QAF (Singapore) Pty Ltd in Kuching Sarawak, managing wholesale and supermarket outlets. From February 1992 to December 2021, he was General Manager for Ben Foods (Brunei) Sdn Bhd where he was responsible for implementing key frameworks for the supermarket business.

He has over 30 years of experience in the fast-moving consumer goods industry.

He has no familial relationships with our Promoters, substantial shareholders, Directors, and key senior management of our Group.

Further details of his directorships in other companies are as set out in Section 5.2.4 of this Prospectus.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Junijah binti Ismail
Independent Non-Executive Director

Junijah binti Ismail, a Malaysian aged 54, is our Independent Non-Executive Director and a member of both our Audit and Risk Management Committee and Nomination and Remuneration Committee. She was appointed to our Board on 20 March 2024.

She graduated from the Institut Teknologi Mara, now known as Universiti Teknologi Mara (UiTM), with a Diploma in Accountancy on 10 October 1992.

Upon her graduation, her professional journey began as an Account Assistant at Toko Electronic (Sarawak) Sdn Bhd, a radio coil laboratory manufacturing company, from June 1992 to November 1995. During this period, she was involved in finalising full sets of accounts, preparing the company budget, managing fund flow, handling fixed assets, and maintaining payroll records.

Subsequently, she joined Gagasan Sdn Bhd, a company involved in furniture manufacturing, from December 1995 to November 1997 as an Accounts Executive, where she was responsible in analysing monthly accounts, fixed assets management inventory control, preparation of company's budget and reports to the Finance Manager.

In December 1997, she joined Merdeka Palace Hotel & Suites, firstly as a Hotel Accountant, before she was promoted to Acting Financial Controller in November 2005. Thereafter in November 2015, she was made the Financial Controller where she was responsible in managing the Finance Department, and assisted the General Manager and the management for the hotel in establishing and administering a system of positive follow-up, review and controls. She left Merdeka Palace Hotel & Suites in October 2020.

Subsequently, she joined IBZ Mineral Resources Sdn Bhd, a company which carries out quarry activities, as a Finance Manager in November 2020. In April 2022, she was made the Finance Manager for IBZ Corporation Sdn Bhd which is the holding company of IBZ Mineral Resources Sdn Bhd, a position which she holds until today. She was then appointed as a Director of IBZ Mineral Resources Sdn Bhd in July 2022, a position which she still holds until today.

In May 2023, she was appointed as a Non-Executive Independent Director of Ibraco Berhad, a company listed on the Main Market of Bursa Securities.

She has no familial relationships with the Promoters, substantial shareholders, Directors and key senior management of our Group.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.3 Shareholdings of our Directors

The following table sets out the shareholdings of our Directors before our IPO and after our IPO:

Name	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) %
Dato Richard Wee	2,100,000	0.58	⁽³⁾ 146,400,000	40.67	2,100,000	0.49	⁽³⁾ 146,400,000	34.05
Ting Ing Thai	19,800,000	5.50	-	-	19,800,000	4.60	-	-
Chin Mui Khiong	300,000	0.08	-	-	⁽⁴⁾ 600,000	0.13	-	-
Lim Kuan Yew	-	-	-	-	⁽⁴⁾ 300,000	0.07	-	-
Junijah Binti Ismail	-	-	-	-	⁽⁴⁾ 300,000	0.07	-	-

Notes:

- (1) Based on the total number of 360,000,000 Shares after the completion of the Bonus Issue of Shares and before our IPO.
- (2) Based on the enlarged total number of 430,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his substantial shareholdings in BNDM pursuant to Section 8 of the Act.
- (4) Assuming full subscription of the Pink Form Shares reserved for our eligible Directors.

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.4 Principal directorships and business activities of our Directors outside our Group

Save as disclosed below, none of our Directors are involved in any other principal business activities outside our Group as at the LPD. The following table sets out the principal directorships of our Directors outside our Group and the principal business activities performed by our Directors outside our Group as at the LPD (“**Present Involvement**”) and those other principal directorships of our Directors outside our Group that were held within the past 5 years up to the LPD (“**Past Involvement**”):

(i) Dato Richard Wee

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
<u>Hubline Berhad and its subsidiaries</u>				
Hubline Berhad	27 September 1985	-	Director / Shareholder (Direct: < 0.01% / Indirect: 18.19% ⁽¹⁾)	<ul style="list-style-type: none"> Investment holding and provision of management services. Its subsidiaries are involved in the provision of shipping logistics services, general aviation and operation of a flying academy.
Highline Shipping Sdn Bhd	28 March 2022	-	Director / -	<ul style="list-style-type: none"> Investment holding company involved in provision of management services and chartering of vessel.
Layang-Layang Aerospace Sdn Bhd	18 May 2019	-	Director / -	<ul style="list-style-type: none"> Helicopter and fixed wing aircraft charter services, maintenance of aircraft, ground handling services and component overhaul, servicing and supply, calibration services for maintenance and repair of laboratory equipment and supplies.
Layang Layang Flying Academy Sdn Bhd	18 May 2019	-	Director / -	<ul style="list-style-type: none"> Provision of helicopter and fixed wing flight training.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Layang Layang Oil & Gas Sdn Bhd	14 June 2019	-	Director / -	<ul style="list-style-type: none"> Transportation, distribution and supply of gaseous fuels of all kinds through a system of mains.
Ozlink Sdn Bhd	22 August 2001	-	Director / -	<ul style="list-style-type: none"> Shipowner and charters out vessels on a time charter basis.
EM Carriers Sdn Bhd	8 June 1999	-	Director / -	<ul style="list-style-type: none"> Shipowner and charters out vessels on a time charter basis.
Speedtail Offshore Services Sdn Bhd	16 August 2022	-	Director / -	<ul style="list-style-type: none"> Transport by towing or pushing of barges, oil rigs; transport of passenger via rivers, canals, lakes and other inland waterways, including inside harbours and ports.
Hub Carrier Sdn Bhd	7 January 2019	-	Director / -	<ul style="list-style-type: none"> Business as ship owners, shipping operators, shipping agents, loading brokers, lightermen, freight and haulage contractors, dock owners, stevedores, warehousemen, wharfingers, salvors, chandlers, ship builders, ship repairers and to acquire, own or build facilities for these purposes.
<u>RSB Group</u> RSB	5 November 2003	-	Director / Shareholder (Direct: 80.00%)	<ul style="list-style-type: none"> Investment holding and provision of management services. Its subsidiaries are involved in property investment, restaurants, industrial gases, medical services, oil and gas aviation services et cetera.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Intercontinental Management Services Sdn Bhd	7 December 2021	-	Director / Shareholder (Indirect: 48.78%) ⁽²⁾	<ul style="list-style-type: none"> Business management consultancy services, assets / portfolio management, activities of holding companies.
HAS International Sdn Bhd	30 December 2021	-	Director / Shareholder (Indirect: 80.00%) ⁽²⁾	<ul style="list-style-type: none"> Providing air transport-chartered services for the oil & gas industry.
BNDM	16 August 2004	-	Director / Shareholder (Indirect: 80.00%) ⁽²⁾	<ul style="list-style-type: none"> Investment holding and provision of management services. Its subsidiaries are involved in property investment, restaurants, industrial gases, medical services, oil and gas aviation services et cetera.
WHTS Capital Sdn Bhd	6 September 2011	-	Director / Shareholder (Indirect: 100.00%) ⁽¹⁾	<ul style="list-style-type: none"> Dormant.
WHTS Venture Sdn Bhd	6 September 2011	-	Director / Shareholder (Indirect: 100.00%) ⁽¹⁾	<ul style="list-style-type: none"> Property development.
WHTS Resources Sdn Bhd	6 September 2011	-	Director / Shareholder (Indirect: 75.00%) ⁽¹⁾	<ul style="list-style-type: none"> Operating of a restaurant.
WHT Properties Sdn Bhd	12 June 2006	-	Director / Shareholder (Indirect: 100.00%) ⁽¹⁾	<ul style="list-style-type: none"> Property development.
Mandarin Express Sdn Bhd	3 May 2016	-	Director / Shareholder (Indirect: 60.00%) ⁽¹⁾	<ul style="list-style-type: none"> Operating of a restaurant.
Radium Properties Sdn Bhd	15 July 2014	-	Director / Shareholder (Indirect: 51.00%) ⁽¹⁾	<ul style="list-style-type: none"> Property development.
Matop Sawit Mini Estate Sdn Bhd	14 January 2008	-	Director / Shareholder (Indirect: 100.00%) ⁽¹⁾	<ul style="list-style-type: none"> Investment company, recycles of tyres and planting of rubber trees.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
SAGASCO Sdn Bhd	12 December 2017	-	Director / Shareholder (Indirect: 100.00%) ⁽¹⁾	• Dormant.
P-Parking Malaysia Sdn Bhd	27 February 2013	-	Director / Shareholder (Indirect: 12.50%) ⁽¹⁾	• Carpark management and operation services.
Northbank Specialist Hospital Sdn Bhd	11 April 2019	-	Director / Shareholder (Indirect: 50.00%) ⁽¹⁾	• General medical services and hospital activities.
EPT Sdn Bhd	15 September 2011	1 February 2020	- / Shareholder (Indirect: 89.35%) ⁽¹⁾	• Selling of provisional and consumable goods; road construction.
Others				
Damai Golf & Country Club Berhad	-	-	- / Shareholder (Direct: < 0.01%)	• Ownership and management of a golf course and other related activities.
WHT Estates Sdn Bhd	21 July 2008	-	Director / Shareholder (Direct: 99.99%)	• Property investment.
WHT Industrials Sdn Bhd	27 September 1985	-	Director / Shareholder (Direct: 50.00%)	• Dormant.
LICS Resources Sdn Bhd	26 July 2016	-	Director / Shareholder (Direct: 50.00%)	• Investment holding.
Mirage Holdings (S) Sdn Bhd	25 August 2000	-	Alternate Director / Shareholder (Direct: < 0.01%)	• Investments in and management of stocks, shares and properties.
Wee Hood Teck Holdings Sdn Bhd	19 July 2000	-	Alternate Director / Shareholder (Direct: < 0.01%)	• Dormant.
Wee Hood Teck And Sons Sendirian Berhad	23 May 2005	-	Director / Shareholder (Direct: 24.98%)	• Dormant.
CR Systems Sdn Bhd	13 March 1996	-	Director / Shareholder (Direct: 46.67%)	• Industrial cleaners, launderers, clean room services.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Harmony Empire Sdn Bhd	7 April 2014	-	Director / Shareholder (Direct: 60.00%)	<ul style="list-style-type: none"> Property investment.
Datin Amar Kathryn Wee Yuk Lian Bhd	3 May 2012	-	Director / -	<ul style="list-style-type: none"> Charitable organisation.
Good Worldclass Sdn Bhd	19 February 2010	-	Director / Shareholder (Direct: 5.73%)	<ul style="list-style-type: none"> Property investment.
CHMS Education Foundation	11 December 2009	-	Director / -	<ul style="list-style-type: none"> Education foundation.
Pergola Sdn Bhd	-	-	- / Shareholder (Direct: 33.33%)	<ul style="list-style-type: none"> Property investment.
Top Sunhill Sdn Bhd	9 June 2008	-	Director / Shareholder (Direct: 6.29%)	<ul style="list-style-type: none"> Property investment.
Mucow Malaysia Sdn. Bhd.	30 January 2020	-	Director / Shareholder (Direct: 35.00%)	<ul style="list-style-type: none"> Rearing of cows and goats and in the production of dairy products.
Sara Tegas Sdn Bhd	2 March 2016	-	Director / Shareholder (Direct: 33.33%)	<ul style="list-style-type: none"> Wholesale of a variety of goods.
Goodwill Harmony Sdn Bhd	-	-	- / Shareholder (Direct: 4.88%)	<ul style="list-style-type: none"> Investment in property.
WHT Land Sdn Bhd	21 July 2008	-	Director / Shareholder (Direct: 67.67%)	<ul style="list-style-type: none"> Property development and holdings.
Yayasan Dee Hati	1 August 2022	-	Director / -	<ul style="list-style-type: none"> To run Diyana Zuraimi Centre for grief, bereavement and trauma (GBAT) and all related activities, promoting health and charity.
Majuhati Sdn Bhd	4 October 2023	-	Director / Shareholder (Direct: 100.00%)	<ul style="list-style-type: none"> Other management consultancy activities N.E.C, activities of holding companies, wholesale of a variety of goods without any particular specialisation N.E.C.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Ribco Sdn Bhd	5 October 2023	-	Director / Shareholder (Direct: 100.00%)	<ul style="list-style-type: none"> Activities of holding companies, wholesale of a variety of goods without any particular specialisation N.E.C., other management consultancy activities N.E.C.
Unity Education Advancement Sdn Bhd	14 November 2023	-	Director / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> Activities of holding companies, other management consultancy activities N.E.C.
Hub Petchem Terminal Sdn Bhd	22 May 2020	-	Director / Shareholder (Direct: 100.00%)	<ul style="list-style-type: none"> Managing and operating of petroleum chemical bulking terminal.
The Sarawak Steamship Company Berhad	-	-	- / Shareholder (Direct: < 0.01%)	<ul style="list-style-type: none"> Shipping, travel and commission agents.
P Estates Sdn Bhd	15 March 2017	-	Director / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> Planting trees, replanting, transplanting, thinning and conserving of forests and timber tracts, and operation of forest tree nurseries.
P-Parking Holdings Sdn Bhd	-	-	- / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> Carpark operation and management.
<u>Past Involvement</u>				
EM Container Line Sdn Bhd	6 August 1999	-	Director / -	<ul style="list-style-type: none"> Ship owner & charter out vessels on a time charter basis. This company has been dissolved.
EM Line Sdn Bhd	22 October 1998	-	Director / -	<ul style="list-style-type: none"> Ship owner & charter out vessels on a time charter basis. This company has been dissolved.
Premier Spectrum Sdn Bhd	22 May 2000	-	Director / -	<ul style="list-style-type: none"> Non-operating. This company has been dissolved.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Pentagon Development (S) Sdn Bhd	-	-	- / Shareholder (Direct: 10.00%)	<ul style="list-style-type: none"> Developers, builders, contractors, electrical and construction engineers purchase land. This company has been dissolved.
Metropolitan (East Malaysia) Sdn Bhd	-	-	- / Shareholder (Direct: 0.85%)	<ul style="list-style-type: none"> Investment in properties and shares, receiving income from properties. The company has been dissolved.
Rich Pattern Sdn Bhd	-	-	- / Shareholder (Direct: 30.00%)	<ul style="list-style-type: none"> Property development. This company has been dissolved.
Zon Permata Sdn Bhd	7 April 2014	-	Director / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> Property investment. This company has been dissolved.
Renewable Resources Tech Sdn Bhd	3 July 2008	27 August 2019	Director / -	<ul style="list-style-type: none"> Consultancy services.
Butchers Deli Sdn Bhd	23 April 2015	17 July 2019	Director / -	<ul style="list-style-type: none"> Wholesale and retailing of food provision and cooked food.
Butchers Smokehouse Sdn Bhd	23 April 2015	17 July 2019	Director / -	<ul style="list-style-type: none"> Business of importers, exporters, wholesaler and retailer of meat, dairy products, provision of goods and food stuffs.
Seacoast (1981) Sdn Bhd	24 February 1984	-	Director / -	<ul style="list-style-type: none"> Properties. This company has been dissolved.
General Parts Supplier Sdn Bhd	24 February 1984	-	Director / -	<ul style="list-style-type: none"> Investment and property holding. This company has been dissolved.
Casablanca Trading (M) Sdn Bhd	1 July 1986	-	Director / -	<ul style="list-style-type: none"> General trading and other collateral business wholesale distribution of cosmetics and skin care products. This company is winding up.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
Chemitreat (Sarawak) Sdn Bhd	2 May 1990	-	Director / Shareholder (Direct: 60.00%)	<ul style="list-style-type: none"> • Manufacture of water treatment units etc, chemicals, importers / exporters of chemicals servicing / repairing boilers, water tanks, etc. This company has been dissolved.
South China Sea Produce Sdn Bhd	8 September 1990	-	Director / -	<ul style="list-style-type: none"> • General merchandise. This company has been dissolved.
Kellington Technologies (Sarawak) Sdn Bhd	1 June 2022	23 November 2023	Director / -	<ul style="list-style-type: none"> • Construction of utility projects N.E.C, electrical installation N.E.C and other construction installation N.E.C.
Healthy Growth Sdn Bhd	18 March 2003	-	Director / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> • Non trading. This company has been dissolved.
Timor Electric Enterprise Sdn Bhd	30 January 1985	-	Director / Shareholder (Direct: 50.00%)	<ul style="list-style-type: none"> • Electricians, mechanical, engineers and manufacturers, dealers in electrical goods, hire any property and manufacture, put up and use telephones, telegraphs and etc. This company has been dissolved.
Equasphere Technology Consulting Sdn Bhd	-	-	- / Shareholder (Direct: 25.00%)	<ul style="list-style-type: none"> • Dormant. This company has been dissolved.
Kenyalang Capital Sdn Bhd	22 June 2020	22 September 2021	Director / -	<ul style="list-style-type: none"> • Investment holding and industrial gas business.
Top Sunbest Sdn Bhd	13 December 2008	6 April 2022	Director / -	<ul style="list-style-type: none"> • Property investment.
R&W Majujaya Sdn Bhd	12 June 2015	-	Director / Shareholder (Direct: 51.00%)	<ul style="list-style-type: none"> • Commercial trading. This company has been dissolved.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in BNDM pursuant to Section 8 of the Act.
- (2) Deemed interested by virtue of his substantial shareholdings in RSB pursuant to Section 8 of the Act.

(ii) Ting Ing Thai

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
None	-	-	-	-
<u>Past involvement</u>				
Meriframe Sdn Bhd	30 June 2000	-	Director / Shareholder (Direct: 15.43%)	• Café operator. This company has been dissolved.
Ting and Ting Food Catering Sdn Bhd	17 April 1997	-	Director / Shareholder (Direct: 49.50%)	• Food catering. The company has been dissolved.
Hungry Horse Fried Chicken Sdn Bhd	8 April 1997	-	Director / Shareholder (Direct: 45.00%)	• Fast food restaurant. This company has been dissolved.
Ting and Ting Supermarket Sendirian Berhad	6 June 1996	-	Director / Shareholder (Direct: 50.00%)	• Operating a supermarket and general trading. This company has been dissolved.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Chin Mui Khiong

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present involvement</u>				
Landmarks Berhad	27 October 2017	-	Director / -	<ul style="list-style-type: none"> Investment holding and the provision of management services.
Hubline Berhad	17 January 2018	-	Director / -	<ul style="list-style-type: none"> Investment holding and the provision of management services. Its subsidiaries are involved in the provision of shipping logistics services, general aviation and operation of a flying academy.
Development Bank of Sarawak Berhad	15 June 2020	-	Director / -	<ul style="list-style-type: none"> To carry on development financial institution.
Ibraco Berhad	26 May 2023	-	Director / -	<ul style="list-style-type: none"> Property development and investment holding.
Elegant Delight Sdn Bhd	-	-	- / Shareholder (Direct: 20.00%)	<ul style="list-style-type: none"> Investment holding company in properties.
SB Corporate Services Sdn Bhd	-	-	- / Shareholder (Direct: 25.00%)	<ul style="list-style-type: none"> Other management consultancy activities N.E.C; accounting and bookkeeping.
JK Tax Services Sdn Bhd	10 January 2019	-	Director / Shareholder (Direct: 95.00%)	<ul style="list-style-type: none"> Providing tax consultancy, tax advisory and tax planning services.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Past involvement</u>				
Cahaya Mata Sarawak Berhad	3 August 2015	31 May 2021	Director / -	<ul style="list-style-type: none"> Investment holding company, also provides centralised treasury and administrative services for the group.
COPE Private Equity Sdn Bhd	5 May 2016	1 October 2020	Director / -	<ul style="list-style-type: none"> Management of private equity investments.
ASSAR Corporate Services Sdn Bhd	1 January 2017	28 February 2024	Director / -	<ul style="list-style-type: none"> Business management consultancy services.
(iv) Lim Kuan Yew				

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
None	-	-	-	-
<u>Past involvement</u>				
None	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(v) Junijah binti Ismail

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Ibraco Berhad (listed on the Main Market of Bursa Securities)	26 May 2023	-	Director / -	<ul style="list-style-type: none"> Property development and investment holding.
IBZ Mineral Resources Sdn Bhd	8 July 2022	-	Director / -	<ul style="list-style-type: none"> Quarrying, rough trimming and sawing of monumental and building stone such as marble granite (dimension stoner), sandstone; and construction of buildings N.E.C; and Manufacture of prefabricated structural components for building or civil engineering of cement, concrete or artificial stone.
<u>Past involvement</u>				
None	-	-	-	-

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.2.5 Directors' remuneration and benefits-in-kind

The aggregate remuneration and material benefits-in-kind paid to our current Directors for services rendered to our Group for FYE 2023 and proposed to be paid for FYE 2024 are as follows:

	Salaries	Fees and allowances	Bonuses	Statutory contributions ⁽¹⁾	Benefits-in-kind	Total
FYE 2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Independent Non-Executive Directors						
Chin Mui Khiong	-	40	-	-	-	40
Lim Kuan Yew	-	40	-	-	-	40
Junijah binti Ismail	-	-	-	-	-	-
Non-Independent Executive Directors						
Dato Richard Wee	432	264	125	104	7	932
Ting Ing Thai	192	190	125	47	-	554
FYE 2024	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Independent Non-Executive Directors						
Chin Mui Khiong	-	30	-	-	-	30
Lim Kuan Yew	-	30	-	-	-	30
Junijah binti Ismail	-	15	-	-	-	15
Non-Independent Executive Directors						
Dato Richard Wee	432	264	125	104	7	932
Ting Ing Thai	192	190	125	47	-	554

Notes:

(1) These comprise contribution to Employees Provident Fund and Social Security Organisation.

(2) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

The remuneration of our Directors, which includes salaries, fees and allowances, bonuses, as well as other benefits, must be considered and recommended by our Nomination and Remuneration Committee and subsequently, be approved by our Board, subject to the provisions of our Constitution. Our Directors' fees and benefits must be further approved and endorsed by our shareholders at a general meeting.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3 BOARD PRACTICES

Our Board is committed to inculcating good corporate governance practices in our Group from time to time in accordance with the practices and guidance based on the MCCG framework. Our Board believes that corporate governance is important to the success of our Group's business. In this regard, we are committed to adopt the MCCG framework. We intend to comply with other aspects of the MCCG framework (e.g. sustainability strategies, priorities and targets, Board's nomination and selection process, Board annual assessment, remuneration policy and procedure for Directors and key senior management, and the conducts of General Meetings) upon Listing. We will also provide a statement on the extent of compliance with the MCCG framework in our first annual report after our Listing.

Our Board has acknowledged the latest recommendation the MCCG framework, which include amongst others, that our Board should comprise at least 30% women directors. Upon the completion of our Listing, our Group will have 1 woman director out of a total of 5 Directors which would amount to 20.00% of our Board comprising woman director. Although this will be in compliance with Rule 15.02(1)(b) of the ACE Market Listing Requirements which recommends that a listed corporation must ensure that at least 1 director of the listed corporation is a woman but it still falls short of the 30% recommendation by the MCCG framework. Subsequently, our Group will strive towards identifying suitable candidates to be appointed as director(s) to ensure that the above recommendation under the MCCG framework will be complied within 24 months after our Listing.

5.3.1 Directors' term of office

As at the LPD, the date of expiry of the current term of office for each of our Directors and the period that each of them has served in that office is as follows:

<u>Directors</u>	<u>Date of appointment</u>	<u>Date of expiry of the current term of office</u>	<u>Approximate no. of years and months in office up to the date of this Prospectus</u>
Dato Richard Wee	11 July 2016	Subject to retirement by rotation at the AGM 2026	7 years and 8 months
Ting Ing Thai	14 July 2017	Subject to retirement by rotation at the AGM 2026	6 years and 8 months
Chin Mui Khiong	1 March 2018	Subject to retirement by rotation at the AGM 2025	6 years
Lim Kuan Yew	30 May 2022	Subject to retirement by rotation at the AGM 2025	1 year and 10 months
Junijah binti Ismail	20 March 2024	Subject to re-election at the AGM 2025	Less than 1 month

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.3.2 Audit and Risk Management Committee

The Audit and Risk Management Committee shall solely comprise of Independent Non-Executive Directors. The Audit and Risk Management Committee was constituted on 20 March 2024 by our Board with the function of assisting our Board in fulfilling its oversight responsibilities. The composition of our Audit and Risk Management Committee is set out below:

Name	Designation	Directorship
Chin Mui Khiong	Chairperson	Independent Non-Executive Director
Lim Kuan Yew	Member	Independent Non-Executive Director
Junijah binti Ismail	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee has full access to both internal and external auditors' advice who in turn have access at all times to the Chairperson of our Audit and Risk Management Committee. The key duties and responsibilities of our Audit and Risk Management Committee as stated in its terms of reference include, amongst others, the following:

- (i) review the following and report the same to our Board:
 - (a) the audit plan, evaluation of the internal control system of our Group and the audit report with the external auditors; the assistance given by the employees of our Group to the external auditors;
 - (b) the adequacy of the scope, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (c) the internal audit plan, processes, the results of the internal audit assessment or investigations undertaken and whether or not appropriate action is taken on the recommendations;
 - (d) the quarterly results and year-end financial statements, before approval by our Board, focusing particularly on:
 - changes in or implementation of major accounting policy changes;
 - significant matters highlighted, including financial reporting issues, significant judgements made by key senior management, significant and unusual events or transactions, and how these matters are addressed; and
 - compliance with accounting standards and other legal requirements;
 - (e) any related party transactions and conflict of interest situation that arose, persist or may arise within our Company or Group, including any transaction, procedure or course of conduct that raises questions of key senior management's integrity, and the measures taken to resolve, eliminate, or mitigate such conflicts;
 - (f) any letter of resignation from the external auditors; and
 - (g) whether there is reason (supported by grounds) to believe that external auditors are not suitable for re-appointment;
- (ii) consider the appointment and re-appointment of the external auditors, the audit fee and any question of dismissal;

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (iii) assess, review and monitor the suitability and independence of external Auditors in accordance with the external auditors assessment policy which take into consideration the following:
 - (a) written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of relevant professional and regulatory requirements;
 - (b) the competence, audit quality and resource capacity of the audit firm in relation to the audit, including information presented in the audit firm's Annual Transparency Report which encompasses, inter-alia, the audit firm's governance and leadership structure and measures taken by the audit firm to uphold audit quality and manage risks; and
 - (c) the nature and extent of non-audit services rendered by the external auditors and / or their affiliates, and the level of fees paid for such services relative to the audit fees;
- (iv) approve any appointment or termination of the head of internal audit function and review any appraisal or assessment of the performance of the head of internal audit function;
- (v) set, review and approve a policy on non-audit services which may be provided by the external auditors and/or their affiliates, and conditions and procedures which must be adhered to by the external auditors and / or their affiliates in the provision of such services;
- (vi) approve non-audit services before they are provided by the external auditors and/or their affiliates;
- (vii) consider the major findings of internal investigations and the key senior management's response;
- (viii) verify the allocation of the Employees' Share Option Scheme ("ESOS") in compliance with the criteria as stipulated in the By-Law of ESOS of our Company, if any;
- (ix) review the annual Statement on Risk Management and Internal Control to be published in the Annual Report;
- (x) review and recommend for our Board's approval, our Group's risk management policy framework, key policies and strategies, and any proposed changes thereto;
- (xi) review and recommend for our Board's approval, the Risk Management Report from the risk management working group, risk appetite and tolerance levels, key operating risks, and emerging risks and ensure the effectiveness of mitigating measures to manage these risks; and
- (xii) any other function as may be required by our Board from time to time.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.3.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee was constituted on 20 March 2024 by our Board. The composition of our Nomination and Remuneration Committee is set out below:

Name	Designation	Directorship
Lim Kuan Yew	Chairperson	Independent Non-Executive Director
Chin Mui Khiong	Member	Independent Non-Executive Director
Junijah binti Ismail	Member	Independent Non-Executive Director

The key duties and responsibilities of our Nomination and Remuneration Committee as stated in its terms of reference include, amongst others, the following:

- (i) review and consider the size and composition of our Board and Board Committees with a view to determining the impact of the number and composition upon our Board's and Board Committees' effectiveness and recommend to our Board any improvements to be made;
- (ii) develop and review the policy on Board composition, in terms of the mix of skills, independence and diversity (including gender diversity), age, tenure and other qualities, required to facilitate effective and efficient functioning of our Board;
- (iii) review our Board's nomination and election process, including the subsidiaries;
- (iv) set out and communicate the expectations of Directors regarding the level of contribution and time commitment;
- (v) develop, maintain and review the criteria to be used in the recruitment process;
- (vi) recommend to our Board, candidates for all directorships in our Company and its subsidiaries. In making the recommendations, the Committee shall also consider candidates proposed by the Chairman and, within the bounds of practicability, by any Director or shareholder or sourcing from independent search firms / directors' registry. In making its recommendations, the Committee shall refer to a Fit and Proper Policy and consider, amongst others, the candidates':
 - (a) skills, knowledge, expertise and experience;
 - (b) competency and performance;
 - (c) character, professionalism and integrity;
 - (d) number of directorships (including directorship on boards of non-listed companies outside our Group) and other external obligations which may affect the Director's commitment, including time commitment and value contribution; and
 - (e) in the case of candidates for the position of Independent Director, the Committee shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Directors.

Prior to the appointment, the prospective Director shall be required to sign a Fit and Proper declaration, and disclose any other business interests that may result in a conflict of interest;

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (vii) recommend to our Board and facilitate appropriate induction and education programme for new Directors; evaluate the training needs of Directors to enhance their competencies and ensure that their training needs are met and they are kept abreast of all regulatory changes and developments in the business environment;
- (viii) recommend to our Board, Directors to fill the seats on Board Committees;
- (ix) on an annual basis, review the required mix of skills, length of services, experience and other qualities of our Board, including core competencies which Non-Executive Directors shall bring to our Board;
- (x) review the re-election process of Directors and Directors of subsidiaries having due regard to their performance and ability to continue to contribute to our Board and / or its subsidiaries in the light of knowledge, skills, experience and fit and proper criteria required;
- (xi) review any matters relating to the continuation in office of any Director at any time, including the suspension or termination of service of an Executive Director as an employee of our Company subject to the provisions of the laws and their service contracts;
- (xii) consider the appointment of any Director to executive or other office;
- (xiii) assess annually the effectiveness of our Board, as a whole, Board Committees and the contribution of each individual Director;
- (xiv) develop, maintain and review the criteria to be used in the assessment of Board, as a whole, Board Committees and individual Directors;
- (xv) review the policy on board diversity, including but not limited to gender diversity, age and ethnicity;
- (xvi) review and oversee the succession planning for Board members (including Chairman and Chief Executive Officer / Group Managing Director) and key senior management of our Company;
- (xvii) review and recommend to our Board the individual compensation and benefits arrangements for Executive Directors and key senior management, taking into consideration the policies and procedures pertaining to Directors' and key senior management's remuneration, where appropriate;
- (xviii) review and recommend to our Board the Directors' Fit and Proper Policy for the appointment and re-election of the Directors of our Company and its subsidiaries from time to time; and
- (xix) to consider other matters as referred to the Committee by our Board.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*CONT'D*)

5.4 KEY SENIOR MANAGEMENT

5.4.1 Key senior management team

The composition of our key senior management team is set out below:

Name	Age	Nationality	Designation
Tay Pick Chong	52	Malaysian	Group General Manager
Ho Mui Siok	55	Malaysian	Group Finance Manager
Justin Ho Tze Shiuan	47	Malaysian	Assistant General Manager cum Sales and Marketing Manager
Lim Hang Min	62	Malaysian	Group Production Manager
Lim Kok Cheng	61	Malaysian	General Manager of BFL
Brandon Wee Wei Xuan	39	Malaysian	Business Development Manager
Terence Lim Tze Yung	41	Malaysian	Group Facility Manager

5.4.2 Profiles of our key senior management

The profile of our key senior management, Lim Hang Min, Brandon Wee Wei Xuan and Terence Lim Tze Yung are set out in Section 5.1.2 of this Prospectus.

The profiles of our other key senior management are as follows:

(i) Tay Pick Chong
Group General Manager

Tay Pick Chong, a Malaysian aged 52, is our Group General Manager. He is responsible for the overall daily operations and implementation of our Group's business strategies.

He graduated with honors in Hospitality Management from Stamford College, Kuching in December 1995. He began his career at Value Hospitality in April 1996 as a Management Trainee where he oversees food and beverage at Value Inn in Klang. Subsequent, in October 1998, he became a Food and Beverages Outlet Manager at ParkCity Everly Hotel in Bintulu Sarawak until his resignation in December 2001.

He then became the General Manager at Supreme Food Supply (Bintulu) Sdn Bhd in January 2002 until December 2004 before he took a 3 months career break until March 2005. From April 2005 to November 2009, he served as the Regional Sales Manager at Nestle Products Sdn Bhd, a company which is involved in the distribution of Nestle products for East Malaysia and Brunei until his resignation in November 2009.

Subsequently in the same month of November 2009, he joined Fonterra Brands Malaysia Sdn Bhd, a company which is involved in the manufacturing and distribution of products within the Fonterra portfolio of brand as its Regional Sales Manager until April 2012. In May 2012, he joined SFS as its Regional General Manager, earning a promotion to his current position in January 2019.

He has no familial relationships with our Promoters, substantial shareholders, Directors, and other key senior management of our Group.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) Ho Mui Siok
Group Finance Manager

Ho Mui Siok, a Malaysian aged 55, is our Group Finance Manager. She is responsible for all financial matters of our Company.

She is a qualified chartered accountant. She obtained her professional accounting qualification from ACCA in October 1999 and has been a Member of the Malaysian Institute of Accountants since July 2000.

She began her career as an Audit Junior at KPMG Malaysia in June 1991, where she conducted audit activities for diverse industries until her resignation as an Audit Senior in December 2000. She immediately joined Eastern Oxygen Industries Sdn Bhd (“**EOX**”), which is involved in the manufacturing and sales of industrial and commercial gases and trading of welding and medical equipment and related products in the same month as an Accountant and Admin Manager and subsequently was promoted to the company’s Finance Manager in April 2006. At the same time, she was also appointed as the Company Secretary of EOX. However, she ceased to be the Company Secretary in August 2011 after EOX was taken over by Malaysian Oxygen Bhd, a member of the Linde Group, and subsequently changed its name to Linde EOX Sdn Bhd (“**Linde**”), which is also involved in the manufacturing and sales of industrial and commercial gases and trading of welding and medical equipment and related products. After the take-over exercise, she continued to be the Finance Manager of the company.

In April 2014, she was re-designated as the company’s Manager-in-charge of corporate taxations where she was responsible for amongst others, all corporate tax matters for Linde’s group of entities in Malaysia. She then left Linde in September 2017 and subsequently joined our Company in her current position since October 2017.

She has no familial relationships with our Promoters, substantial shareholders, Directors, and other key senior management of our Group.

(iii) Justin Ho Tze Shiuan
Assistant General Manager cum Sales and Marketing Manager

Justin Ho Tze Shiuan, a Malaysian aged 47, is our Assistant General Manager cum Sales and Marketing Manager. He is primarily responsible for leading our Group’s sales activities.

He obtained a Bachelor of Science in Business Administration, majoring in finance with a minor in Economics from Hawaii Pacific University in August 1998. He then completed his Master of Business Administration at the University of Sunderland in November 2014.

He began his career in February 1999 at Kilpatrick Townsend & Stockton, an international law firm, at their office in California, USA as a Staff Accountant where he was responsible for handling budget and billing responsibilities until September 2003. He then pursued a Mandarin course with the Communication University of China (formerly Beijing Broadcasting Institute) in June 2004 before returning to Malaysia in January 2005.

He spent the next few months exploring opportunities before joining Bing! Coffee Company Sdn Bhd which operates café business in November 2006 as a Director cum Café Manager, where he managed the day-to-day operations of the café, until his resignation in August 2008. He joined Eastern Oxygen Industries Sdn Bhd in September 2008 as the Cylinder Asset Manager, where he was responsible for amongst others, managing key customers, securing contracts and managing the company’s cylinder assets until February 2011.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 2011, he joined Etika Sdn Bhd, a company involved in the manufacturing, distribution and marketing of Halal beverages in Malaysia as a Sales Manager where he oversees the sales operations and strategies in Sarawak until January 2016. In February 2016, he joined SCS as a Sales and Marketing Manager, earning a promotion to his current position in December 2016.

He is the nephew of Dato Richard Wee, our Non-Independent Executive Chairman and one of the Promoters.

(iv) Lim Kok Cheng
General Manager of BFL

Lim Kok Cheng, a Malaysian aged 61, is the General Manager of BFL. He is responsible for the overall daily operations and implementation of BFL.

He completed his secondary education in Chung Ling Private High School, Penang in 1982. He began his career in sales, venturing in direct sales of AMC premium cookware until 1984 when he joined a company in Brunei Darussalam which distributes Electrolux products in 1984 as a Sales Executive where he oversaw the sales team until May 1991. From June 1991 to April 2006, he operated his own business in Miri, Sarawak. From June 2006 to June 2011, he joined BFL and managed products under the brand of Unilever food solutions where he was responsible for overseeing various regions and handling stock management, promotions, and reports.

From July 2011 to December 2012, he served as an Operation Executive at MBC Agencies Sdn Bhd, a company which distributes the Coca-Cola range of products. Subsequently in January 2013, he joined SCS as its Operations Manager where he coordinated with the sales teams in Kuching and areas outside of Kuching, Sarawak. He then joined Jasra Harrison Sdn Bhd, a company which distributes Ambient F&B Products in Brunei Darussalam in July 2013 as its Operations Manager where he was responsible for managing agencies like Nestle Ice Cream, Evian, and F&N condensed milk until March 2019. In April 2019, he became the General Manager at BFL where he is responsible for handling business reports, coordinating operations, and managing employee recruitment.

He has no familial relationships with our Promoters, substantial shareholders, Directors and key senior management of our Group.

5.4.3 Shareholdings of our key senior management

The direct and indirect shareholdings of our key senior management who are also our Promoters, namely Lim Hang Min, Brandon Wee Wei Xuan and Terence Lim Tze Yung before our IPO and after our IPO are set out in Section 5.1.1 of this Prospectus.

The following table sets out the direct shareholdings of our other key senior management, assuming full subscription of Pink Form Shares reserved for our eligible employees.

Name	Before our IPO		After our IPO ⁽²⁾	
	No. of Shares	⁽¹⁾ %	No. of Shares	⁽³⁾ %
Tay Pick Chong	600,000	0.17	800,000	0.19
Ho Mui Siok	300,000	0.08	500,000	0.12
Justin Ho Tze Shuan	240,000	0.07	440,000	0.10
Lim Kok Cheng	-	-	200,000	0.05

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) *Based on the total number of 360,000,000 Shares after the completion of the Bonus Issue of Shares and before our IPO.*
- (2) *Assuming full subscription of the Pink Form Shares reserved for our eligible employees.*
- (3) *Based on the enlarged total number of 430,000,000 Shares after our IPO.*

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.4 Principal directorship of our key senior management and principal business activities performed outside our Group

Save as disclosed below, none of the key senior management is involved in any other principal business activities outside our Group as at the LPD. The following table sets out the principal directorships of our key senior management outside our Group and the principal business activities performed by our key senior management outside our Group as at the LPD (“**Present Involvement**”) and those other principal directorships of our key senior management outside our Group that were held within the past 5 years up to the LPD (“**Past Involvement**”):

(i) Tay Pick Chong

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
None	-	-	-	-
<u>Past involvement</u>				
Legiontrade (M) Sdn Bhd	18 August 2020	18 April 2022	Director / -	<ul style="list-style-type: none"> Wholesale of coffee, tea, cocoa and other beverages; wholesale of a variety of goods without any particular specialisation N.E.C; wholesale of other foodstuff.
Maxalliance Trading Sdn Bhd	9 January 2020	11 April 2022	Director / -	<ul style="list-style-type: none"> Wholesale of other foodstuffs.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(ii) Ho Mui Siok

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present involvement</u>				
SMI Corporate Services Sdn Bhd	30 December 2006	-	Director / Shareholder (Direct: 50.00%)	• Providing management and secretarial services.
Kunci Omega Sdn Bhd	-	-	- / Shareholder (Direct: 5.71%)	• Investment holding in a property development company.
Sayur Sejuk Sdn Bhd	30 September 2019	-	Director / Shareholder (Direct: 100.00%)	• Dormant.
Angin Sejuk Sdn Bhd	30 September 2019	-	Director / Shareholder (Direct: 100.00%)	• Dormant.
Rain Rainforest Sdn Bhd	8 October 2019	-	Director / Shareholder (Direct: 100.00%)	• Dormant.
Birdy Hornbill Sdn Bhd	8 October 2019	-	Director / Shareholder (Direct: 100.00%)	• Dormant.
<u>Past involvement</u>				
BKJ Properties Sdn Bhd	12 December 2011	-	Director / Shareholder (Direct: 20.00%)	• Other side preparation activities N.E.C. This company has been dissolved in May 2020 pursuant to striking off application under Section 550 of the Act.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(iii) Justin Ho Tze Shiuan

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present involvement</u>				
Pending Height Trading Sdn Bhd	27 January 2006	-	Director / -	<ul style="list-style-type: none"> Commission agent for selling of betting tickets.
<u>Past involvement</u>				
Bing Coffee Company Sdn Bhd	27 November 2006	-	Director / Shareholder (Direct: 30.00%)	<ul style="list-style-type: none"> This company has been dissolved.

(iv) Lim Hang Min

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
<u>Present involvement</u>				
None	-	-	-	-
<u>Past involvement</u>				
None	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(v) Lim Kok Cheng

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
None	-	-	-	-
<u>Past involvement</u>				
None	-	-	-	-

(vi) Brandon Wee Wei Xuan

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Sara Tegas Sdn Bhd	15 April 2021	-	Alternate Director	<ul style="list-style-type: none"> Wholesale of a variety of goods.
Hubline Berhad	26 February 2018	-	Alternate Director / -	<ul style="list-style-type: none"> Investment holding and provision of management services. Its subsidiaries are involved in the provision of shipping logistics services, general aviation and operation of a flying academy.
BNDM	1 November 2014	-	Director / Shareholder (Direct: 5.00%)	<ul style="list-style-type: none"> Investment holding and provision of management services. Its subsidiaries are involved in property investment, restaurants, industrial gases, medical services, oil and gas aviation services et cetera.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Directorships / Shareholdings	Date of appointment as director	Date of resignation as director	Position held / % of shareholding held	Principal activities
P-Parking Malaysia Sdn Bhd	8 September 2016	-	Director / -	<ul style="list-style-type: none"> • Carpark management and operation services.
WHTS Resources Sdn Bhd	1 August 2016	-	Director / -	<ul style="list-style-type: none"> • Operating of a restaurant.
WHT Properties Sdn Bhd	1 August 2016	-	Director / -	<ul style="list-style-type: none"> • Property development.
WHTS Venture Sdn Bhd	1 August 2015	-	Director / -	<ul style="list-style-type: none"> • Property development.
WHTS Capital Sdn Bhd	16 May 2014	-	Director / -	<ul style="list-style-type: none"> • Dormant.
Radium Properties Sdn Bhd	1 August 2015	-	Director / -	<ul style="list-style-type: none"> • Property development.
SAGASCO Sdn Bhd	12 December 2017	-	Director / -	<ul style="list-style-type: none"> • Dormant.
WHT Estates Sdn Bhd	1 August 2016	-	Director / -	<ul style="list-style-type: none"> • Property investment.
WHT Land Sdn Bhd	1 August.2016	-	Director / -	<ul style="list-style-type: none"> • Property development and holdings.
RSB	1 August 2016	-	Director / -	<ul style="list-style-type: none"> • Investment holding and provision management services. • Its subsidiaries are involved in property investment, restaurants, industrial gases, medical services, oil and gas aviation services et cetera.
Bak Integrated Resources Sdn Bhd	18 June 2020	-	Director / Shareholder (Direct: 34.00%)	<ul style="list-style-type: none"> • Activities of holding company.
AIOT Innovation Sdn Bhd	1 October 2020	-	Director / Shareholder (Direct: 15.00%)	<ul style="list-style-type: none"> • Computer programming activities, web portals, retail sale of computers, computer equipment and supplies.
STEM Academy Sdn Bhd	18 August 2022	-	Director / Shareholder (Direct: 11.00%)	<ul style="list-style-type: none"> • Others, education N.E.C.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
Matop Sawit Mini Estate Sdn Bhd	15 May 2014	-	Director / -	<ul style="list-style-type: none"> Investment company, recycles of tyres and planting of rubber trees.
<u>Past involvement</u>				
Kenyalang Capital Sdn Bhd	30 November 2017	22 June 2020	Director / -	<ul style="list-style-type: none"> Investment holding and manufacture of liquefied or compressed inorganic and industrial or medical gases.
Mandarin Express Sdn Bhd	3 May 2016	2 April 2019	Director / -	<ul style="list-style-type: none"> Operating of a restaurant.
JBA Solutions Sdn Bhd	9 September 2016	1 March 2019	Director / -	<ul style="list-style-type: none"> IT Consultancy & Implementation services and sales and purchase of computer, hardware and software.
EPT Sdn Bhd	15 August 2014	12 August 2021	Director / -	<ul style="list-style-type: none"> Selling of provisional and consumable goods, road construction.
Sara Tegas Sdn Bhd	2 March 2016	15 April 2021	Director / -	<ul style="list-style-type: none"> Dormant. Wholesale of variety of goods.
(vii) Terence Lim Tze Yung				
<u>Directorships / Shareholdings</u>	<u>Date of appointment as director</u>	<u>Date of resignation as director</u>	<u>Position held / % of shareholding held</u>	<u>Principal activities</u>
<u>Present involvement</u>				
Borneo Gourmet (M) Sdn Bhd	21 June 2010	8 February 2023	- / Shareholder (Direct: 20.00%)	<ul style="list-style-type: none"> Supply and storage of food products.
<u>Past involvement</u>				
None	-	-	-	-

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.5 Key senior management's remuneration and benefits-in-kind

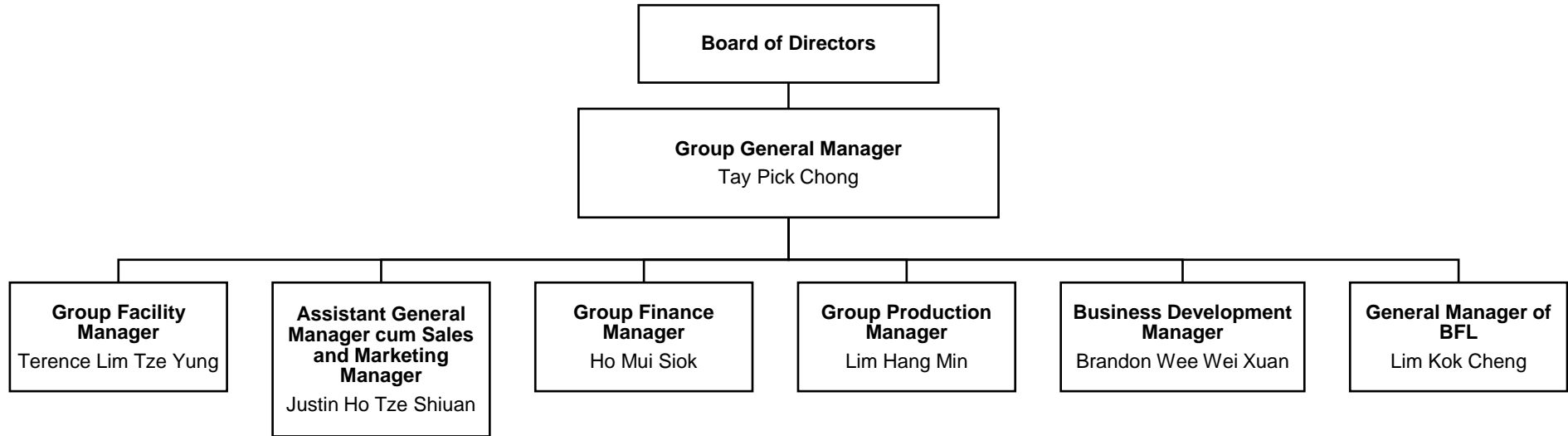
The aggregate remuneration and material benefits-in-kind paid to our key senior management for services rendered in all capacities to our Group for FYE 2023 and proposed to be paid for FYE 2024 are as follows:

Name	Remuneration band (RM)	
	FYE 2023 RM'000	FYE 2024 RM'000
Tay Pick Chong	450 – 500	450 – 500
Ho Mui Siok	400 – 450	400 – 450
Justin Ho Tze Shiuan	350 – 400	350 – 400
Lim Hang Min	100 – 150	100 – 150
Lim Kok Cheng	150 – 200	150 – 200
Brandon Wee Wei Xuan	200 – 250	200 – 250
Terence Lim Tze Yung	250 – 300	250 – 300

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5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.5 MANAGEMENT REPORTING STRUCTURE



5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.6 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

None of our Promoters, Directors and key senior management is or has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgement was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on such person's part, involving a breach of any law or regulatory requirement that relates to the capital market;
- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on such person's part that relates to the capital market;
- (vi) the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgement against such person.

5.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family (the term "a member of the director's family" as defined in Section 197(2) of the Act) relationships or association between substantial shareholders, Promoters, Directors and key senior management.

- (i) Datin Dona Amat Drury is the spouse of Dato Richard Wee.
- (ii) Dato Richard Wee is the father of Brandon Wee Wei Xuan and uncle of Justin Ho Tze Shiuan.
- (iii) Brandon Wee Wei Xuan is the son of Dato Richard Wee and Datin Dona Amat Drury.
- (iv) Justin Ho Tze Shiuan is the nephew of Dato Richard Wee and Datin Dona Amat Drury.
- (v) Ting Ing Thai and Ting Ing Soon are brothers.
- (vi) Lim Ah Ted and Lim Hang Min are brothers.
- (vii) Terence Lim Tze Yung is the son of Lim Ah Ted.

5. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.8 SERVICE AGREEMENTS

As at the LPD, there are no existing or proposed service agreements entered into or to be entered into by our Directors or any member of our key senior management with our Group.

5.9 MANAGEMENT SUCCESSION PLAN

Our future success also depends on our ability to attract and retain skilled personnel. Our strategies to retain our key senior management and attract new personnel include, amongst others, succession planning and promotion opportunities, attractive remuneration packages and training activities.

Our succession plan consists of:

- (i) selection and recruitment: identifying key competencies and requirements for managerial and key senior positions for succession planning; and identifying potential successor's readiness to facilitate skills transfer so as to ensure smooth running and continuity of the operations of our Group;
- (ii) attractive remuneration packages and employee benefits;
- (iii) career planning and development: our senior management trains the lower and middle management staff to gradually assume more responsibilities; and
- (iv) continuous training and education: our middle management actively participate in discussions and decision-making in various operations of our Group. Such active participation will ensure better understanding of our operations and enable the personnel to equip themselves with the necessary knowledge and skills to succeed in senior management roles.

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6. INFORMATION ON OUR GROUP

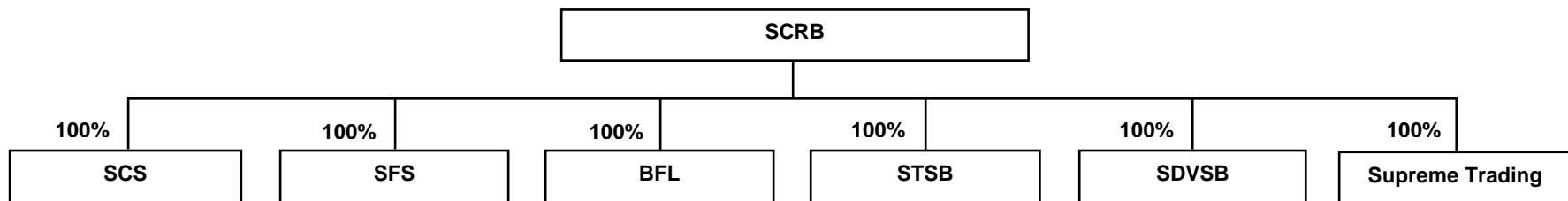
6.1 OUR COMPANY

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. Our Company has been listed on the LEAP Market of Bursa Securities since 16 January 2019.

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

6.2 OUR GROUP

As at the LPD, the structure of our Group is as follows:



6. INFORMATION ON OUR GROUP (CONT'D)

6.3 SHARE CAPITAL

As at the [LPD], the issued share capital of our Company upon completion of the Bonus Issue of Shares and before our IPO will be RM59,866,944.00 comprising 360,000,000 Shares. Our Group does not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment.

Details of the changes in the issued share capital of our Company since our incorporation up to the LPD are as follows:

Date of allotment / subdivision	No. of Shares allotted	No. of new Shares after subdivision	Consideration (RM)	Cumulative issued share capital (RM)	Cumulative no. of Shares
11 July 2016	2	-	2.00	2.00	2
2 May 2017	50,499,998	-	50,499,998.00	50,500,000.00	50,500,000
11 June 2018	-	⁽¹⁾ 50,500,000	-	50,500,000.00	101,000,000
3 July 2018	5,860,000	-	2,930,000.00	53,430,000.00	106,860,000
9 January 2019	13,140,000	-	⁽²⁾ 6,436,944.00	59,866,944.00	120,000,000
[●]	⁽³⁾ 240,000,000	-	⁽⁴⁾ -	59,866,944.00	360,000,000

Notes:

- (1) Pursuant to the subdivision of every one (1) existing Share into two (2) Shares in our Company.
- (2) After deducting RM133,056.00 in relation to share issue expenses pursuant to the LEAP Market listing.
- (3) Pursuant to the Bonus Issue of Shares as set out in Section 6.5.1 (i) of this Prospectus.
- (4) Under the Act, a bonus issue can be undertaken either:
 - (i) by way of capitalisation of the retained earnings / accumulated profits of a company; or
 - (ii) without capitalisation, where a company may issue and allot the bonus shares at nil consideration.

In view of the above, our Company has undertaken the Bonus Issue of Shares without any capitalisation from the reserves of our Company and that the new Shares issued pursuant to the Bonus Issue of Shares is issued as fully paid Shares at nil consideration.

Given that the Bonus Issue of Shares is undertaken without capitalisation from our Company's reserves, it allows our Company to preserve our reserves.

6. INFORMATION ON OUR GROUP (CONT'D)**6.4 DETAILS OF OUR SUBSIDIARIES**

As at the LPD, the details of our Subsidiaries are as follows:

Name and registration no.	Date / Place of incorporation	Date of commencement of business	Principal place of business	Effective equity interest (%)	Principal activities
Supreme Cold Storage Sdn Bhd (Registration No. 198701007462 (166180-M))	17 November 1987 / Malaysia	17 November 1987	Malaysia	100.00	Distribution of Frozen and Chilled Food Products
Supreme Food Supply (M) Sdn Bhd (Registration No. 199901005344 (480244-V))	6 April 1999 / Malaysia	1 July 1999	Malaysia	100.00	Distribution of Frozen and Chilled Food Products and Ambient F&B Products
Borneo Food Land Coldstorage Sdn Bhd (Registration No. 200001012433 (515039-V))	24 May 2000 / Malaysia	24 May 2000	Malaysia	100.00	Distribution of Frozen and Chilled Food Products and Ambient F&B Products
Supreme Transportation Sdn Bhd (Registration No. 201601028651 (1199590-D))	24 August 2016 / Malaysia	31 October 2016	Malaysia	100.00	Provision of transportation services
Supreme Dairy Ventures Sdn Bhd (Registration No. 201901020112 (1329441-T)) ⁽¹⁾	10 June 2019 / Malaysia	-	Malaysia	100.00	Dormant as at LPD and is intended for export / trading of dairy products
Supreme Trading Sdn Bhd (Registration No. 200801023186 (824509-V)) ⁽²⁾	8 July 2008 / Malaysia	11 July 2008	Malaysia	100.00	Distribution of Non-F&B Products

Notes:

- (1) On 10 June 2019, our Company has incorporated a new subsidiary, SDVSB, with the intention to undertake the export / trading of dairy products. Further details of SDVSB's intended principal activities is set out in Section 6.4.1 of this Prospectus.
- (2) On 31 May 2023, our Company has acquired the 100% equity interest in Supreme Trading for a purchase consideration of RM1,000.00 comprising 100 ordinary shares at RM10.00 each.

6. INFORMATION ON OUR GROUP (CONT'D)**6.4.1 Our Subsidiaries****(i) Supreme Cold Storage Sdn Bhd****(a) Background and history**

SCS was incorporated in Malaysia under the Companies Act 1965 (now repealed by the Act) on 17 November 1987 as a private limited company under its present name.

SCS is principally involved in the distribution of Frozen and Chilled Food Products.

(b) Share capital

As at the LPD, the issued share capital of SCS is RM10,000,000.00 comprising 10,000,000 ordinary shares.

The changes in the issued share capital of SCS since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
17 November 1987	2	2.00 / Cash	2	2.00
9 April 1991	99,998	99,998.00 / Cash	100,000	100,000.00
15 October 1992	100,000	100,000.00 / Cash	200,000	200,000.00
22 September 1993	100,000	100,000.00 / Cash	300,000	300,000.00
16 September 1994	200,000	200,000.00 / Cash	500,000	500,000.00
13 January 1995	300,000	300,000.00 / Cash	800,000	800,000.00
8 September 1997	400,000	400,000.00 / Cash	1,200,000	1,200,000.00
9 September 1999	320,000	320,000.00 / Cash	1,520,000	1,520,000.00
5 November 2021	8,480,000	8,480,000.00 / Otherwise than cash	10,000,000	10,000,000.00

(c) Shareholder

SCS became our wholly-owned subsidiary on 1 May 2017.

(d) Director

The directors of SCS are Lim Ah Ted, Dato Richard Wee, Brandon Wee Wei Xuan, Terence Lim Tze Yung and Dato Ibrahim Baki.

(e) Subsidiary, joint venture or associated company

As at the LPD, SCS does not have any subsidiary, joint venture or associated company.

6. INFORMATION ON OUR GROUP (CONT'D)**(ii) Supreme Food Supply (M) Sdn Bhd****(a) Background and history**

SFS was incorporated in Malaysia under the Companies Act 1965 (now repealed by the Act) on 6 April 1999 as a private limited company under its present name.

SFS is principally involved in the distribution of Frozen and Chilled Food Products and Ambient Food Products.

(b) Share capital

As at the LPD, the issued share capital of SFS is RM500,000.00 comprising 500,000 ordinary shares.

The changes in the issued share capital of SFS since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
6 April 1999	2	2.00 / Cash	2	2.00
1 July 1999	199,998	199,998.00 / Cash	200,000	200,000.00
10 April 2000	300,000	300,000.00 / Cash	500,000	500,000.00

(c) Shareholder

SFS has been our wholly-owned subsidiary on 1 May 2017.

(d) Director

The directors of SFS are Lim Ah Ted, Terence Lim Tze Yung, Dato Richard Wee, Brandon Wee Wei Xuan and Dato Ibrahim Baki.

(e) Subsidiary, joint venture or associated company

As at the LPD, SFS does not have any subsidiary, joint venture or associated company.

(iii) Borneo Food Land Coldstorage Sdn Bhd**(a) Background and history**

BFL was incorporated in Malaysia on 24 May 2000 under the Companies Act 1965 (now repealed by the Act) as a private limited company under its present name.

BFL is principally involved in the distribution of Frozen and Chilled Food Products and Ambient Food Products.

(b) Share capital

As at the LPD, the issued share capital of BFL is RM1,000,000.00 comprising 1,000,000.

6. INFORMATION ON OUR GROUP (CONT'D)

The changes in the issued share capital of BFL since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
24 May 2000	5	5.00 / Cash	5	5.00
15 July 2000	999,995	5.00 / Cash	1,000,000	1,000,000.00

(c) Shareholder

BFL became our wholly-owned subsidiary on 16 June 2017.

(d) Director

The directors of BFL are Ting Ing Soon, Lim Ah Ted, Ting Ing Thai, Dato Richard Wee and Dato Ibrahim Baki.

(e) Subsidiary, joint venture or associated company

As at the LPD, BFL does not have any subsidiary, joint venture or associated company.

(iv) Supreme Transportation Sdn Bhd**(a) Background and history**

STSB was incorporated in Malaysia on 24 August 2016 under the Act as a private limited company under the name of SKJU Logistics Sdn Bhd. It subsequently changed its name to its present name on 16 July 2018.

STSB is principally involved in the provision of transportation services.

(b) Share capital

As at the LPD, the issued share capital of STSB is RM1,000.00 comprising 1,000 ordinary shares.

The changes in the issued share capital of STSB since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
24 August 2016	1,000	1,000.00 / Cash	1,000	1,000.00

(c) Shareholder

STSB became our wholly-owned subsidiary on 7 July 2017.

(d) Director

The directors of STSB are Dato Richard Wee, Brandon Wee Wei Xuan and Lim Ah Ted.

6. INFORMATION ON OUR GROUP (CONT'D)**(e) Subsidiary, joint venture or associated company**

As at the LPD, STSB does not have any subsidiary, joint venture or associated company.

(v) Supreme Dairy Ventures Sdn Bhd**(a) Background and history**

SDVSB was incorporated in Malaysia under the Act on 10 June 2019 as a private limited company under its present name.

SDVSB is currently dormant as at the LPD and is intended for export / trading of dairy products. Currently, our Group is looking at venturing into the distribution of fresh milk products using our own brand, Supreme. As at the LPD, there is no specific timeframe to commence the business operations of SDVSB as our Group is still exploring the market opportunities and understanding the market sentiments of the distribution of this product.

(b) Share capital

As at the LPD, the issued share capital of SDVSB is RM2.00 comprising 2 ordinary shares.

The changes in the issued share capital of SDVSB since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
10 June 2019	2	2.00 / Cash	2	2.00

(c) Shareholder

SDVSB became our wholly-owned subsidiary on 10 June 2019.

(d) Director

The directors of SDVSB are Dato Richard Wee and Lim Ah Ted.

(e) Subsidiary, joint venture or associated company

As at the LPD, SDVSB does not have any subsidiary, joint venture or associated company.

(vi) Supreme Trading Sdn Bhd**(a) Background and history**

Supreme Trading was incorporated in Malaysia on 8 July 2008 under the Companies Act, 1965 (now repealed by the Act) as a private limited company under its present name.

Supreme Trading is involved in the distribution of Non-F&B Products.

6. INFORMATION ON OUR GROUP (CONT'D)**(b) Share capital**

As at the LPD, the issued share capital of Supreme Trading is RM1,000.00 comprising 100 ordinary shares.

The changes in the issued share capital of Supreme Trading since incorporation are as follows:

<u>Date of allotment</u>	<u>No. of ordinary shares allotted</u>	<u>Consideration (RM) / Type of consideration</u>	<u>Cumulative no. of shares</u>	<u>Cumulative share capital (RM)</u>
11 July 2008	100	1,000.00	100	1,000.00

(c) Shareholder

Supreme Trading became our wholly-owned subsidiary on 31 May 2023.

(d) Director

The directors of Supreme Trading are Dato Richard Wee and Lim Ah Ted.

(e) Subsidiary, joint venture or associated company

As at the LPD, Supreme Trading does not have any subsidiary, joint venture or associated company.

6.5 LISTING SCHEME**6.5.1 Details of the Listing Scheme**

In conjunction with and as an integral part of our listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities, our Company undertook a Listing Scheme which involved the following:

(i) Bonus Issue of Shares

Prior to our IPO, our Company has undertaken a bonus issue of Shares on the basis of 2 Bonus Shares for every 1 existing Share which entailed the issuance of 240,000,000 new Shares. The Bonus Issue of Shares was undertaken without any capitalisation from the reserves of our Company and that the new Shares issued pursuant to the Bonus Issue of Shares is issued as fully paid Shares at nil consideration.

The Bonus Issue of Shares was undertaken to:

- (a) increase the number of issued Shares to facilitate our IPO and Listing;
- (b) achieve a more affordable price per Share for our IPO, thus improving the marketability of our Shares for greater participation by investors; and
- (c) enhance the trading liquidity of our Shares at the time of our Listing.

6. INFORMATION ON OUR GROUP (CONT'D)

On 30 November 2023, Kenanga IB, on behalf of our Board, had announced that our Company proposes to undertake the Bonus Issue of Shares (pursuant to our Listing).

On 9 January 2024, Kenanga IB, on behalf of our Board, had announced that Bursa Securities had, vide its letter dated 9 January 2024, taken note of the listing of and quotation for 240,000,000 Bonus Shares on a date to be determined later after all requisite approvals have been obtained in relation to the Transfer of Listing.

Subsequently, our Company had on 31 January 2024, secured approval from our shareholders in respect of the Bonus Issue of Shares at an EGM.

After obtaining approval from our shareholders and obtaining the requisite approvals in relation to the Transfer of Listing as above, the Bonus Issue of Shares was completed on [●].

Upon completion of the Bonus Issue of Shares, the resultant issued share capital of our Company is RM59,866,944 comprising 360,000,000 Shares where the shareholding structure of our Company before and after the Bonus Issue of Shares are as follows:

Categories	Before the Bonus Issue of Shares		After the Bonus Issue of Shares	
	No. of Shares	(1) %	No. of Shares	(2) %
Non-public shareholders	102,700,000	85.58	308,100,000	85.58
Public shareholders	17,300,000	14.42	51,900,000	14.42
Total	120,000,000	100.00	360,000,000	100.00

Notes:

(1) Calculated based on the total number of 120,000,000 Shares.

(2) Calculated based on the total number of 360,000,000 Shares after the completion of the Bonus Issue of Shares.

(ii) IPO

Upon completion of the Bonus Issue of Shares, we will undertake the IPO, the details of which are set out in Section 4 of this Prospectus.

(iii) Listing of and quotation for our Shares

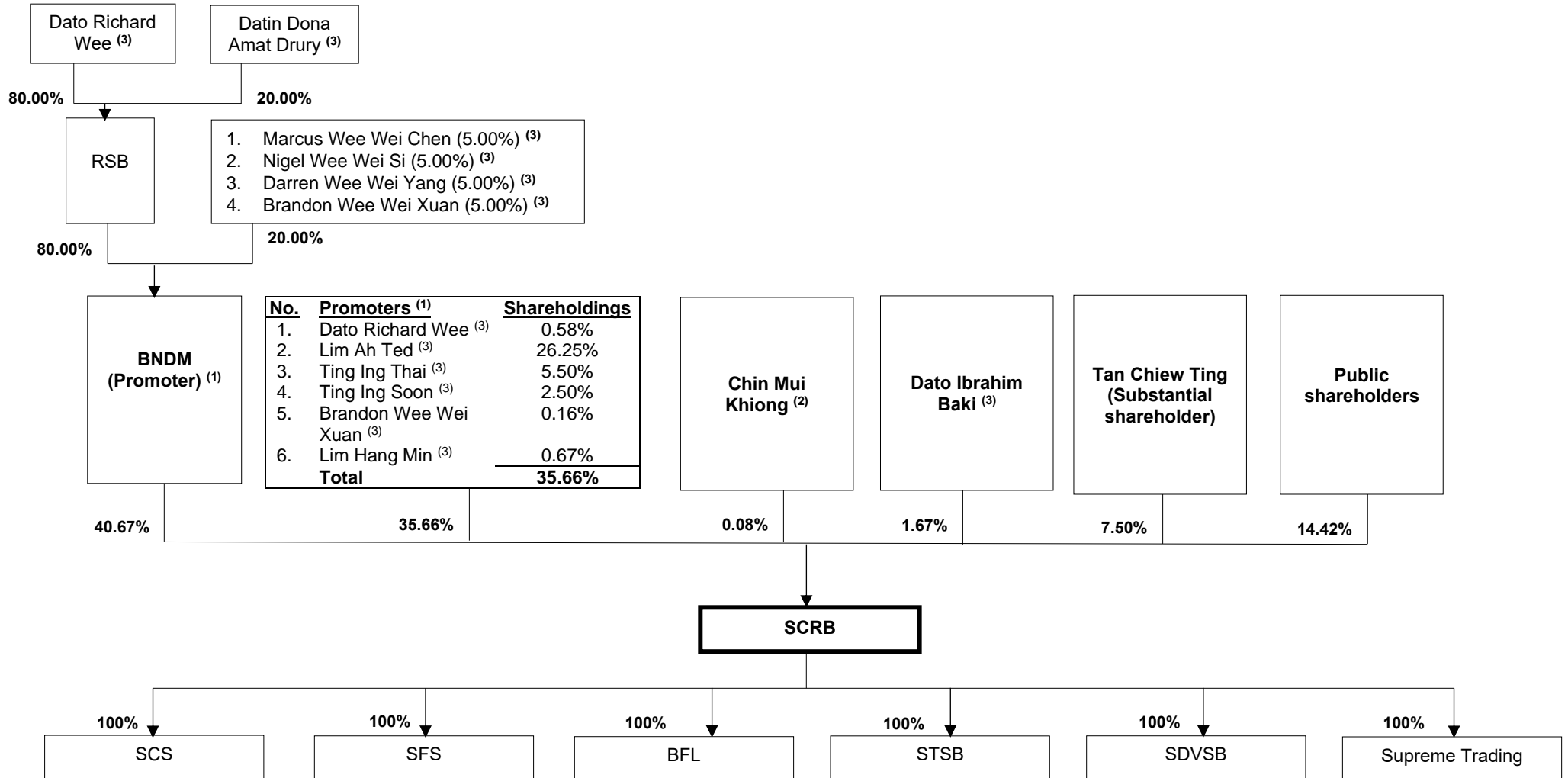
Upon completion of our IPO, we will seek the admission of our Shares into the Official List and the listing of and quotation for our enlarged issued share capital on the ACE Market of Bursa Securities. Concurrently, the Withdrawal of Listing will take effect upon the completion of the Listing.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.5.2 The structure of our Group before and after our IPO

The structure of our Group after the completion of the Bonus Issue of Shares and before our IPO are as follows:



6. INFORMATION ON OUR GROUP (CONT'D)

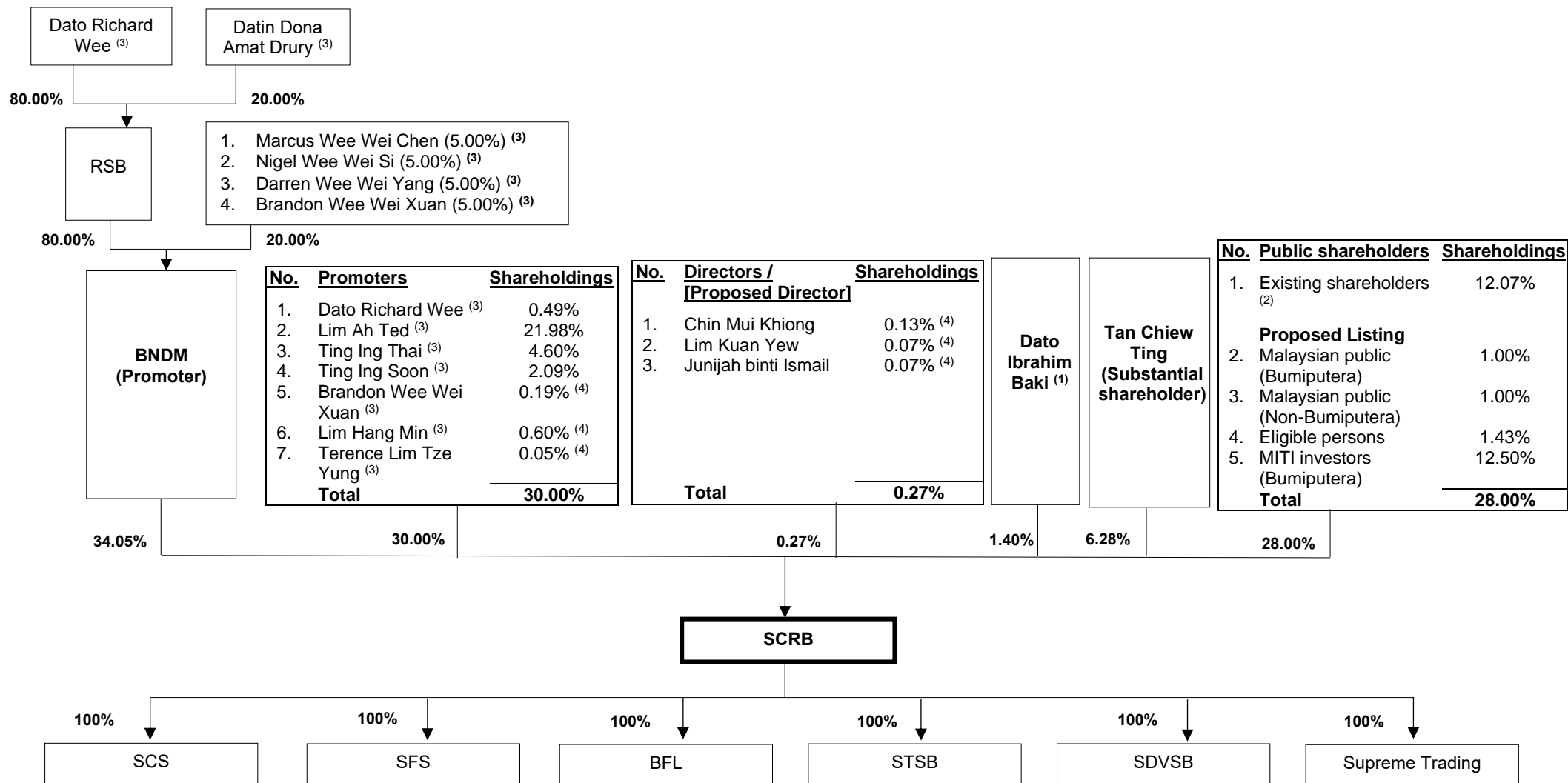
Notes:

- (1) *These are our Promoters which also includes Terence Lim Tze Yung (son of Lim Ah Ted) who does not hold any shares in our Company before our IPO. Our Promoters collectively holds 76.33% of our Shares before our IPO.*
- (2) *Chin Mui Khiong is an Independent Non-Executive Director of our Company.*
- (3) *Dato Ibrahim Baki is a director of the subsidiaries within our Group, namely SCS, SFS and BFL.*
- (4) *The family relationships between substantial shareholders, Promoters and Directors of our Company are as disclosed below:*
 - (a) *Datin Dona Amat Drury is the spouse of Dato Richard Wee;*
 - (b) *Dato Richard Wee and Datin Dona Amat Drury are the parents of Brandon Wee Wei Xuan, Marcus Wee Wei Chen, Nigel Wee Wei Si and Darren Wee Wei Yang;*
 - (c) *Ting Ing Thai and Ting Ing Soon are brothers; and*
 - (d) *Lim Ah Ted and Lim Hang Min are brothers.*

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6. INFORMATION ON OUR GROUP (CONT'D)

The structure of our Group after our IPO is as follows:



6. INFORMATION ON OUR GROUP (CONT'D)

Notes:

(1) *Dato Ibrahim Baki is a director of the subsidiaries within our Group, namely SCS, SFS and BFL.*

(2) *Existing public shareholders of our Company are as follows:*

<i>Existing public shareholders</i>	<i>%</i>
<i>Key senior management</i>	<i>0.27</i>
<i>Business associates</i>	<i>11.74</i>
<i>Other shareholders</i>	<i>0.06</i>
<i>Total</i>	<i>12.07</i>

(3) *The family relationships between substantial shareholders, Promoters and Directors of our Company are as disclosed below:*

(a) *Datin Dona Amat Drury is the spouse of Dato Richard Wee;*

(b) *Dato Richard Wee and Datin Dona Amat Drury are the parents of Brandon Wee Wei Xuan, Marcus Wee Wei Chen, Nigel Wee Wei Si and Darren Wee Wei Yang;*

(c) *Ting Ing Thai and Ting Ing Soon are brothers;*

(d) *Lim Ah Ted and Lim Hang Min are brothers; and*

(e) *Terence Lim Tze Yung is the son of Lim Ah Ted.*

(4) *The allocation of the Pink Form Shares has been included in their respective shareholdings.*

The details of our Subsidiaries are set out in Section 6.4 of this Prospectus.

6. INFORMATION ON OUR GROUP (CONT'D)**6.6 CAPITAL EXPENDITURES AND DIVESTITURES****6.6.1 Capital expenditures**

Save as disclosed below, there was no other material capital expenditures incurred by our Group during the Financial Years Under Review and up to the LPD:

Description	FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	Between 1 October 2023 and up to the LPD (RM'000)
Freehold land	(1) 930	-	-	-
Building	(2) 492	39	(10) 239	-
Furniture, fittings and equipment	(3) 1,104	(7) 333	96	145
Motor vehicles	(4) 752	(8) 370	34	-
Office renovation	29	3	4	-
Plant and machineries	(5) 432	(9) 431	(11) 224	74
Capital work in progress	(6) 906	-	-	-
Total	4,645	1,176	597	219

Notes:

- (1) Relates to the purchase of a freehold land by SFS which is located at Lot 1476. Further details on the freehold land are set out in Section 7.23.1 of this Prospectus.
- (2) Relates to the purchase of a building, which is situated on a freehold land (as per Note 1 above) by SFS which is located at Lot 1476. Further details on the freehold land are set out in Section 7.23.1 of this Prospectus.
- (3) Relates to the additional furniture, fittings and equipment for Lot 1476 and Lot 842.
- (4) Relates mainly to the purchase of vans for the purpose of our delivery services to our customers and also purchase of forklift for the purpose of the transportation of products in our warehouses.
- (5) Relates mainly to the purchase of meat grinder machine, meat slicer machine and baking oven for the purpose of our business operations.
- (6) Relates mainly to the construction works for our new warehousing facility comprising of a 3-storey office cum warehouse at Lot 842. This capital work in progress was subsequently reclassified to buildings upon completion. Further details are set out in Section 7.1 of this Prospectus.
- (7) Relates mainly to the computer and office equipment for staff use as well as conference table and chairs for meeting room.
- (8) Relates mainly to the purchase of vans for the purpose of our delivery services to our customers and also purchase of forklift for the purpose of the transportation of products in our warehouses.
- (9) Relates mainly to the purchase of GudangSys WMS and purchase of 1 unit of indoor type electric platform lift.
- (10) Relates mainly to the cement works with floor hardener for freezer and chiller rooms at Lot 842.
- (11) Relates mainly to the purchase of plastic pallets for the storage of our food products.

6. INFORMATION ON OUR GROUP (CONT'D)

Our material capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

6.6.2 Material capital divestitures

We do not have any material capital divestitures during the Financial Years Under Review and as at the LPD.

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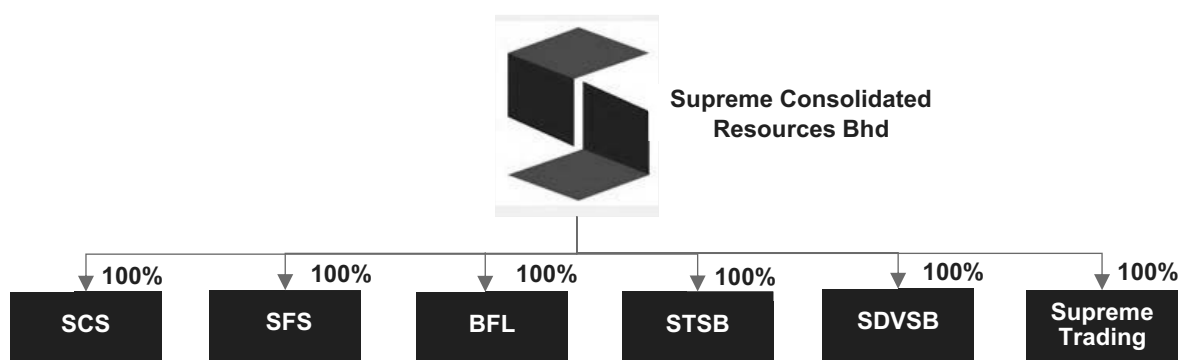
7. BUSINESS OVERVIEW

7.1 HISTORY AND MILESTONES

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 (“**SCR**”), 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.

Our Group provides market access and coverage for consumer products in Sarawak and Sabah, where we are 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 as well as Non-F&B Products.

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



SCS

Our Group’s history can be traced back to March 1984 when our founders, Lim Ah Ted and Lee Hon Jin incorporated Supreme Cold Storage Trading Company (“**SCST**”) to venture into the trading and distribution of Frozen and Chilled Food Products. SCST commenced operations from four (4) rented shop-lots in Block 207, Lot 1812, No. 158, Pisang Road West, Kuching, Sarawak.

Under the leadership of Lim Ah Ted, the initial years of SCST’s operations were focused on expanding the company’s sales and distribution network while at the same time, growing the number of agency rights and products distributed.

In November 1987, Lim Ah Ted and Lee Hon Jin incorporated SCS to assume the business of SCST. SCST was later wound up. SCS grew over the years by securing more agency rights, leading to an increase in the brands and range of products distributed while at the same time expanding its distribution network. SCS’s customers include wholesalers, retailers and food service operators.

Upon receiving the occupational permit in June 1996, SCS relocated its operations to its current location at Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak (“**Demak Laut Warehouse**”).

In August 2020, SCS completed the construction of a 3-storey office cum warehouse at Lot 842, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.

7. BUSINESS OVERVIEW (CONT'D)

SFS

SFS was incorporated in April 1999 by Lim Ah Ted and Lee Hon Jin as part of SCS's efforts to streamline its operations, with SFS handling the distribution of Frozen and Chilled Food Products as well as Ambient F&B Products while SCS focused on distribution of Frozen and Chilled Food Products. SFS's customers are wholesalers, retailers and food service operators. During the initial years, SFS' operations was based in a rented warehouse in Kuching, Sarawak.

In 2010, Lim Ah Ted decided to centralise the business operations of SFS and SCS to enable both companies to leverage on common resources and increase operational efficiency. As a result, the business operations of SFS were subsequently relocated to the Demak Laut Warehouse.

BFL

BFL's history can be traced back to July 1990 when its founder, Ting Ing Thai incorporated Prime Cuts Coldstorage Sdn Bhd ("**PCC**") in Miri, Sarawak to undertake the distribution of Frozen and Chilled Food Products as well as Ambient F&B Products to retailers and food service operators such as HORECA as well as offshore oil rigs.

BFL was then incorporated in May 2000 by Ting Ing Thai, Lim Ah Ted, Lee Hon Jin, Tan Chiew Ting and Ting Ing Soon, to assume the operations of PCC and initially operated from a rented shophouse in Piasau, Miri. PCC was subsequently wound up in September 2007.

In October 2020, BFL relocated its operation to its current location measuring 2,996 sq m located at Lot 1248, Block 5, Kuala Baram Land District located at Jalan Maigold, Senadin, 98000 Miri, Sarawak ("**Lot 1248**").

The formation of our current Group's structure

In September 2015, SCS was acquired by BNDM, an investment holding company with its substantial shareholder being Dato Richard Wee, Datin Dona Amat Drury, Brandon Wee Wei Xuan, Nigel Wee Wei Si, Darren Wee Wei Yang and Marcus Wee Wei Chen. Subsequent to this acquisition, in August 2016, SCS secured the right to distribute the "Farm's Best" range of Frozen and Chilled Food Products in Sarawak.

In September 2015, SFS signed the distribution agreement to distribute the "Devondale" range of Frozen and Chilled Food Products and Ambient F&B Products in Sarawak and Sabah.

In July 2016, SCR was incorporated as an investment holding company as part of a group restructuring exercise which later saw the acquisition of SCS, SFS and BFL which allowed us to streamline our operations. Our Group subsequently purchased a piece of land located adjacent to SCS's Demak Laut Warehouse as part of our expansion plan.

In August 2016, we incorporated STSB for the purpose of providing transportation services to our Group. As at the LPD, STSB provides transportation services to support the distribution of our Group's Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products in Kuching and covers a delivery radius of approximately 200 km.

In 2017, SCS secured exclusive rights to distribute the "Ramly" range of Frozen and Chilled Food Products in Sarawak.

In June 2019, our Group incorporated a new subsidiary, SDVSB, which is currently dormant, with the intention to undertake the export and trading of dairy products. Currently, our Group is looking at venturing into the distribution of fresh milk products using our own brand, Supreme. As at the

7. BUSINESS OVERVIEW (CONT'D)

LPD, there is no specific timeframe to commence the business operations of SDVSB as our Group is still exploring the market opportunities and understanding the market sentiments of the distribution of this product.

In October 2021, our Group implemented the GudangSys WMS, a warehouse management system used to facilitate the management of our distribution and warehousing operations. Please refer to Section 7.11 of this Prospectus for further information. In the same year, our Group also began exporting butter products to Myanmar and Singapore.

In May 2023, our Company acquired the 100% equity interest in Supreme Trading for a purchase consideration of RM1,000.00 comprising 100 ordinary shares at RM10.00 each from Lim Ah Ted. Pursuant to this acquisition, Supreme Trading became a wholly-owned subsidiary of our Group. Supreme Trading, which was incorporated in July 2008, is currently involved in the distribution of Non-F&B Products such as cleaning and hygiene products in Sabah and Sarawak. Please refer to Sections 12 and 14 of this Prospectus for further information on this acquisition.

The table below sets out our key milestones since commencement of business operations:

Year	Key milestones
1984	SCST was incorporated to venture into the trading and distribution of Frozen and Chilled Food Products.
1987	SCS was incorporated to assume the business of SCST.
1990	PCC was incorporated to undertake the distribution of Frozen and Chilled Food Products as well as Ambient F&B Products to retailers and food service operators.
1996	SCS relocated its operations to its current location at Demak Laut Warehouse.
1999	SFS was incorporated to venture into the distribution of Frozen and Chilled Food Products and Ambient F&B Products.
2000	BFL was incorporated to assume the operations of PCC and initially operated from a rented shophouse in Piasau, Miri.
2010	SFS relocated its operations to its current location at Demak Laut Warehouse.
2015	<ul style="list-style-type: none"> SCS was acquired by BNDM, an investment holding company with its substantial shareholder being Dato Richard Wee, Datin Dona Amat Drury, Brandon Wee Wei Xuan, Nigel Wee Wei Si, Darren Wee Wei Yang and Marcus Wee Wei Chen. SFS signed the distribution agreement to distribute the “Devondale” range of Frozen and Chilled Food Products and Ambient F&B Products in Sarawak and Sabah.
2016	<ul style="list-style-type: none"> SCR was incorporated as an investment holding company for SCS, SFS and BFL as part of our Group’s restructuring exercise. STSB was incorporated for the purpose of providing transportation services to our Group. SCS secured the right to distribute “Farm’s Best” range of Frozen and Chilled Food Products in Sarawak.
2017	SCS secured exclusive rights to distribute the “Ramly” range of Frozen and Chilled Food Products in Sarawak.
2019	<ul style="list-style-type: none"> Listed on the LEAP Market of Bursa Securities. SDVSB was incorporated and is currently dormant, with the intention to undertake the export and trading of dairy products.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key milestones
2020	<ul style="list-style-type: none"> BFL relocated its operation to its current location measuring 2,996 sq m located at Lot 1248, Block 5, Kuala Baram Land District located at Jalan Maigold, Senadin, 98000 Miri, Sarawak. SCS completed the construction of a 3-storey office cum warehouse at Lot 842, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.
2021	<ul style="list-style-type: none"> Our Group implemented the GudangSys WMS, a warehouse management system used to facilitate the management of our distribution and warehousing operations. Our Group began exporting butter products to Myanmar and Singapore.
2023	Our Company acquired Supreme Trading, which then became a wholly-owned subsidiary of our Group and is currently involved in the distribution of Non-F&B Products such as cleaning and hygiene products in Sabah and Sarawak.

7.2 OVERVIEW OF OUR BUSINESS

Our principal activities and business model

Our Group provides market access and coverage for consumer products in Sarawak and Sabah, where we are principally involved in the distribution of third-party brands as well as our own brands of Frozen and Chilled Food Products and Ambient F&B Products. In 2023, we expanded into the distribution of Non-F&B Products in Sarawak and Sabah.

Our range of Frozen and Chilled Food Products include but not limited to frozen meats, frozen seafood, frozen vegetables, butter and cheese, while our range of Ambient F&B Products include but not limited to cream, milk, pasta, juices, bread, seasonings and dressings. 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. Please refer to Section 7.3 of this Prospectus for the third-party brands that we distribute for Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products.

The range of Frozen and Chilled Food Products that we offer under our Supreme and Best Choice brands include frozen meat products, frozen seafood products, frozen potato-based products, frozen vegetables as well as frozen processed products. The range of Ambient F&B Products that our Group offers under our SUNIFEEL brand includes cordial.

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.

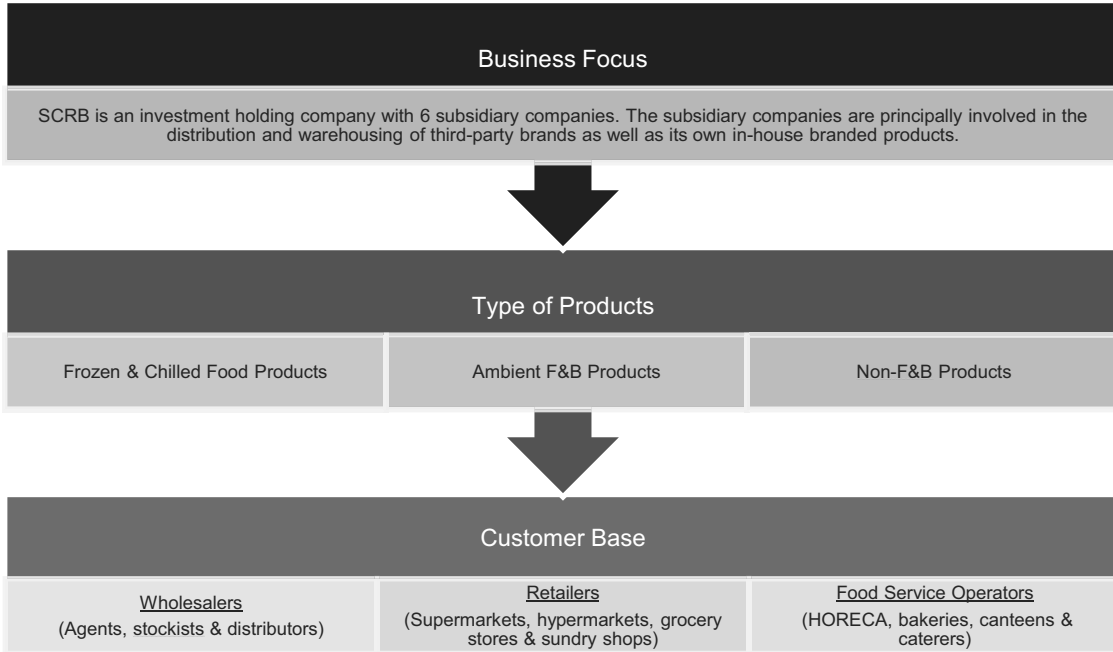
Our customers include wholesalers, food service operators and retailers, who procure Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products from our Group for subsequent sales to their customers and consumers.

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.

7. BUSINESS OVERVIEW (CONT'D)

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

Our Group's business model is as illustrated below:



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7. BUSINESS OVERVIEW (CONT'D)

7.3 PRODUCT CATEGORIES AND BRANDS

Our range of products and brands

As at the LPD, we have a portfolio of approximately 1,438 products from 74 local and foreign third-party brands as well as our own brands. The products and brands that we distribute by product category can be categorised as follows:

Category	Types of Products	Brands
Frozen and Chilled Food Products	Frozen beef	Affco, Taylor Preston, Flinders Natural, Lockyer Valley, Diamantina, Greenlea, Midfield, GBP, Nolan and McPhee
	Frozen buffalo meat	Allana
	Frozen lamb and mutton	Pure South, HandPicked, Ararat, McPhee, Taylor Preston, Midfield, Swift and Wammco
	Frozen poultry	Ayamadu, Midamar Turkey and Eden Duck
	Frozen seafood	Best Choice, Talley's and Supreme
	Frozen minced meat	Ayamas, Ramly and Supreme
	Frozen potato-based products	Ramly, Figo, Raffie, McCain, Talley's, Supreme, Idaho, Sunnydale Farms and Agrarfrost
	Burger patties	Ayamas, Diamantina, Ramly and Supreme
	Frozen processed poultry products	Ayamas, Ayamadu, EB, Farm's Best, Figo, Raffie, Ramly, PrimaBaguz, Best Choice, Segaria, EZI, Jodi, Tyson and Supreme
	Frozen processed seafood products	Ramly, Figo, Lazat, Pacific West and Sifu
	Frozen processed beef products	Ramly and PrimaBaguz
	Other frozen processed products	Figo and Ramly
	Chilled beef	Diamantina and Flinders Natural
	Frozen vegetables and fruits	Boreal, Figo, Daily Fresh, Supreme, Talley's, Daily Fresh and Pinguin
	Frozen pastries	Ramly, Figo, Lazat, Pertama, SK, Oriental, Premero, PTM, Kak Su and Rasa Indah
	Butter and butter blend	FarmCows, Promex, Westgold, Golden Churn and Crispo
	Cheese	Bega, Devondale, Open Country, Tatura and Prima Cheese
	Margarine	Daisy and Naturel
Tofu	Foreway	
Ambient F&B Products	Canned butter	Golden Churn
	Cream	Vivo and Westgold
	Milk and milk powder	Devondale, NZMP, Open Country, Promex, Westgold and Australia's Own
	Pasta and noodles	Divella

7. BUSINESS OVERVIEW (CONT'D)

Category	Types of Products	Brands
	Sauces, condiments, dressings, syrup, seasonings and spices	Ramly, Bon Chef, Knorr, Lady's Choice, PrimaBaguz and Divella
	Juices and beverages	Cyprina, Nippy's, Tea Time and SUNIFEEL
	Canned food	Nature Sea and Divella
	Others (which include honey, cooking oil, vinegar, bread crumbs, biscuits, raisins, jams, marmalade, soft drinks and ice cream powder)	Bon Chef, Miny, Starkiss, Carte D'or, Frosty Boy and Divella
Non-F&B Products	Cleaning products	Diversey
	Hygiene products	Anchor



Supreme minced beef 400g



Supreme crinkle cut fries 1kg



Supreme mixed vegetables 400g



Supreme chicken burger patties 900g

“Supreme” branded products

7. BUSINESS OVERVIEW (CONT'D)**7.4 PRINCIPAL MARKETS**

The breakdown of our Group's revenue by product categories is as follows:

	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

The breakdown of our Group's revenue by geography is as follows:

	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Malaysia (Sarawak and Sabah)	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

7.5 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our competitive advantages and key strengths that have provided us with the platform to sustain and grow our business 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.

We were appointed to distribute various brands of consumer products by way of letter of appointment or through distribution agreements that we signed with brand owners. The list of products and brands that we carry are set out in Section 7.3 of this Prospectus.

Further, we hold the exclusive or sole distributorships in Sarawak, including but not limited to the following brands:

Brands	Country of origin	Types of products
Devondale	Australia	Milk and cheese
Golden Churn	Australia and New Zealand	Butter
Australia's Own	Australia	Milk
Nippy's	Australia	Juices and beverages

7. BUSINESS OVERVIEW (CONT'D)

Brands	Country of origin	Types of products
Frosty Boy	Australia	Ice cream powder
McCain	United States of America	Frozen potatoes-based product
Cyprina	Cyprus	Juices and beverages
Divella	Italy	Pasta, biscuits, olive oil, vinegar and canned tomato products
PrimaBaguz	Malaysia	Frozen processed poultry products, frozen processed beef products and sauces
Ramly	Malaysia	Frozen minced meat, frozen potato-based products, burger patties, frozen processed poultry products, frozen processed seafood products, frozen processed beef products, other frozen processed products, frozen pastries, seasonings and condiments
Farm's Best	Malaysia	Frozen processed poultry products
Pertama	Malaysia	Frozen pastries
Pacific West	Malaysia	Frozen processed seafood products
Daily Fresh	Malaysia	Frozen vegetables
Westgold	New Zealand	Butter, cream and milk
Prima Cheese	United Kingdom	Cheese

Please refer to Section 7.19 of this Prospectus for further details on the contracts which are material to our Group's business or profitability.

(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.

7. BUSINESS OVERVIEW (CONT'D)

In Kuching, we primarily leverage on our internal transportation vehicles managed by STSB for delivery within a radius of 200 km. However, we do engage external transportation companies for the delivery of our products within Kuching and outside our delivery radius area. In Miri, delivery within a radius of 100 km will be carried out using our internal transportation managed by BFL while delivery outside the delivery radius area is handled by external transportation companies. Depending on location and the market coverage requirements of the suppliers, our Group's mode of operation will continue to have a combination of its own warehouses as well as outsourcing arrangements.

Our Group's strategic partners in Sibuluan and Bintulu serve as additional distribution channels for us, thereby allowing our Group to distribute our products beyond Kuching to the districts of Sibuluan and Bintulu where our Group does not have an office or warehousing facilities. These strategic partners purchase Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products from our Group on a purchase order basis. Since the establishment of business relationship between our Group and these strategic partners (approximately 21 years ago) and up to the LPD, our Group has not entered into any formal agreements with these strategic partners.

This distribution model allows us to have a greater market reach for our Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B 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. The table below shows our track record in distributing selected brands of products:

Our track record (As at the LPD)	Brands of products
20 years or more	Farmcows, Pertama, Premero, PTM and Ayamas
10 years – 19 years	Figo, Westgold, Bega, Knorr, Lady's Choice, PrimaBaguz, Carte D'or, Tatura and McCain
5 years – 9 years	McCain, Promex, Farm's Best, Segaria, Ramly, Allana, Golden Churn, Devondale and Pacific West

We are appointed to distribute various brands of products by way of letter of appointment or through distribution agreements that we signed with brand owners. Our subsidiaries have also been appointed by a number of principals and agents for the distribution of various brands in Sarawak and Sabah. Further information on material commercial contracts entered into between our Group and our principals are available in Section 7.19 of this Prospectus.

7. BUSINESS OVERVIEW (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.

They are supported by our key senior management team as follows:

- Tay Pick Chong, our Group General Manager, who possesses approximately 22 years of experience in the food and beverages distribution industry. He is responsible for the overall daily operations and implementation of our Group's business strategies.
- Justin Ho Tze Shuan, our Assistant General Manager cum Sales & Marketing Manager, who has approximately 13 years of working experience in food and beverages distribution industry. He is responsible for the sales activities of our Group.
- Lim Kok Cheng, our General Manager of BFL, who possesses approximately 18 years of experience in the food and beverages distribution industry. He oversees BFL's overall operations and sales.
- Brandon Wee Wei Xuan, our Business Development Manager, who possesses approximately 7 years of experience in the food and beverages distribution industry. He oversees the business development activities of our Group.
- Terence Lim Tze Yung, our Group Facility Manager, who possesses approximately 18 years of experience in the food and beverages distribution industry. He oversees our Group's operations facilities.
- Lim Hang Min, our Group Production Manager, who brings with him approximately 40 years of experience in the food and beverages distribution industry. He is responsible for the overseeing the day-to-day operations of our production department.
- Ho Mui Siok, our Group Finance Manager, who brings with her approximately 33 years of experience in the areas of audit, financial reporting, budgeting and cost management. She is responsible for overseeing the financial matters of our Group.

Please refer to Section 5.4.2 of this Prospectus for further information on the profiles of our key senior management team.

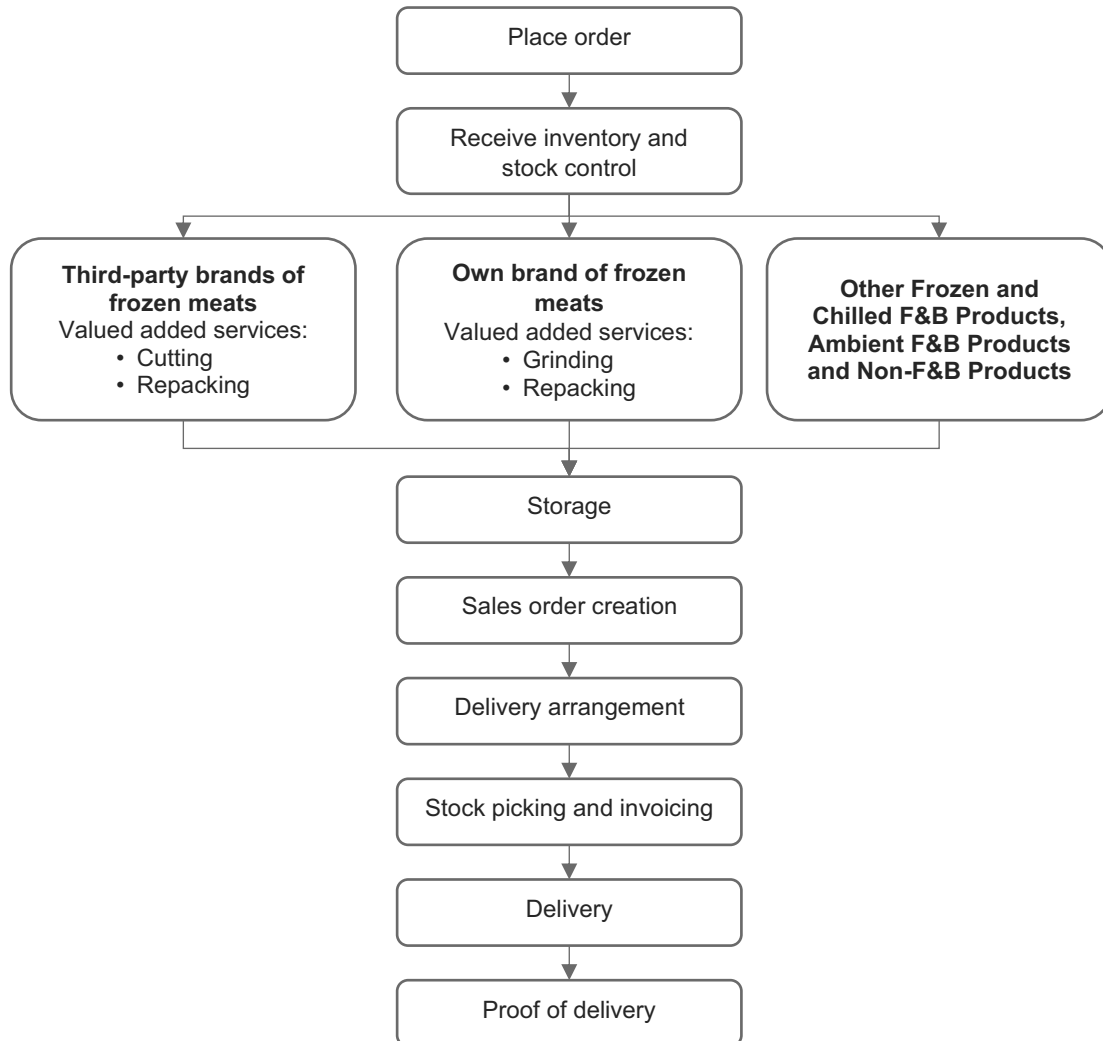
7.6 SEASONALITY

Our Group does not experience significant seasonality trends. While we experience fluctuation in our sales during several identified periods of the year due to festive seasons such as Chinese New Year, Hari Raya, Gawai Dayak festival and Christmas, we do not experience significant trends in seasonality on a year-to-year basis.

7. BUSINESS OVERVIEW (CONT'D)

7.7 OUR OPERATIONAL PROCESSES

We adopt the following business process for the distribution of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products:



The process commences when we order inventory from our suppliers. For products which are imported from abroad, our Group has obtained the necessary licenses and permits. Please refer to Section 7.21.2 of this Prospectus for more information on the licenses and permits. Once the ordered inventory is delivered to our warehouses, our employees will check the delivery to ensure the quantity received is equivalent to the orders made and to the amount invoiced by the suppliers. Once the quantity is verified, the information will be recorded in our inventory system, GudangSys WMS. The inventory is then segmented according to product categories, where Ambient F&B Products and Non-F&B Products are kept in our Warehousing Facilities while Frozen and Chilled Food Products are stored in cold room storage facilities.

We provide our customers with cutting and repacking services should they require it. The service is currently limited to frozen seafood and meats, where products such as beef, buffalo, lamb, mutton and salmon are cut in accordance to our customers' requirements. They are then packed and goes into storage in our cold room facilities before making the necessary delivery arrangement.

7. BUSINESS OVERVIEW (CONT'D)

As for our own brand of frozen meat products, we process the raw material sourced from external suppliers and use a grinding machine to mince the meats. They are then packed and goes into storage in our cold room facilities before making the necessary delivery arrangement.

Orders from our customers are submitted to our sales representative / billing clerk, who in turn, will input into our system detailing the quantity ordered. Our cost and credit controller will then assess the order based on customer's credit information as well as the price of the order. A sales order will be created once the cost and credit controller approved the order.

Generated sales order are then sorted according to delivery zones. For orders that are beyond our Group's delivery radius, we will arrange with third-party logistics companies for pick-up and delivery. Delivery records are then generated based on the sales order and are forwarded to our warehouses to prepare the ordered stocks.

Once the delivery records are received, our staff will generate itemized picking lists in accordance with the sales order. Items are then picked and checked for visual damages before being sorted and transported to the loading areas to be picked up by the delivery team. After ensuring all orders are in place, an invoice is generated.

Items are then delivered by our in-house team or by engaging third-party logistics companies for deliveries beyond our delivery coverage. Customers receiving the delivered stocks are required to sign or stamp the invoices as a proof of delivery. The invoice is sent back to us for documentation and record keeping purposes.

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7. BUSINESS OVERVIEW (CONT'D)**7.8 OPERATIONAL FACILITIES AND CAPACITIES**

As our business operations are primarily involved in the distribution of Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products, the following capacity and estimated utilisation are based on our Warehousing Facilities as at the LPD:

Warehousing capacity and estimated utilisation rates

	Available capacity ⁽¹⁾ (No. of pallets)	Estimated utilised capacity ⁽²⁾ (No. of pallets)	Estimated utilisation rate (%)
	As at the LPD	As at the LPD	As at the LPD
Frozen room storage facilities			
- Kuching	1,848	1,848	100.00
- Miri	500	293	58.60
Chilled room storage facilities			
- Kuching	318	168	52.83
- Miri	80	18	22.50
Ambient storage facilities			
- Kuching	422	422	100.00
- Miri	100	72	72.00

Notes:

(1) Available capacity is calculated based on the total number of pallet space available from the racking system installed in our Group's storage facilities. Racking system refers to a multi-level steel structure shelving system for the storage of goods on pallets.

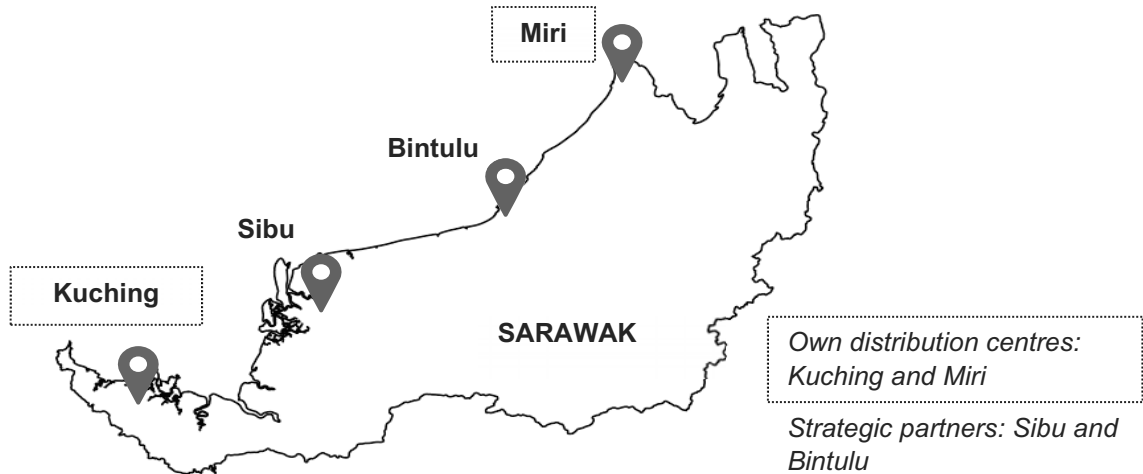
(2) Estimated utilised capacity is based on the number of pallet space filled as at LPD.

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7. BUSINESS OVERVIEW (CONT'D)

7.8.1 Warehousing facilities

As at the LPD, we have a total of 2 distribution centres with Warehousing Facilities in Sarawak for the storage of our Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products, as depicted below:



Our warehouses in Kuching, located at Demak Laut Industrial Park, with a total built-up area of 6,171.05 sq m, comprises a total of 5 buildings. We have 1 ambient warehouse storage facilities which are used to store most of our Ambient F&B Products such as pasta and condiments. We also have 3 chilled room storage facilities used to store chilled foods such as cheese. The temperature in our chiller room is maintained at a constant temperature of approximately 3°C. Additionally, we also have 10 frozen room storage facilities used to store frozen foods such as frozen meat, frozen seafood and frozen vegetables. The frozen room is maintained at a constant temperature of approximately -18°C.

Kuching



Lot 919, Block 7, Muara Tebas Land District
(Demak Laut Warehouse)



Lot 842, Block 7, Muara Tebas Land District

7. BUSINESS OVERVIEW (CONT'D)

Further, we also have a warehouse in Miri, located at Lot 1248 with a built-up area 1,253.00 sq m, which comprises 1 building. We have 1 ambient warehouse storage facility and 1 chilled room storage facility. Additionally, we also have 1 frozen room storage facility.

Miri



Lot 1248 Block 5 Kuala Baram Land District

Depending on the location and market coverage requirements of our suppliers, our Group's mode of operation will continue to have a combination of our own warehouses as well as outsourcing arrangements. The remaining two distribution points, namely in Sibul and Bintulu, are outsourced to external parties to minimise capital expenses, such as purchase of land and building, and racking system, as well as reduce labour requirements and administration by our Group. Some consideration factors in appointing the external parties are manpower, location of warehouse, size and facilities of warehouse, as well as logistics for timely delivery.

Our Group's strategic partners in Sibul and Bintulu, namely Fortune Supreme Food Supply (Sibul) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd, both of which are not related to our Group, serve as additional distribution channels for our Group, thereby allowing our Group to distribute products beyond Kuching to the districts of Sibul and Bintulu respectively, where our Group does not have an office or Warehousing Facilities. These strategic partners purchase Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products from our Group on a purchase order basis. Since the establishment of business relationship between our Group and these strategic partners (more than 20 years ago) and up to the LPD, our Group has not entered into any formal agreements with these strategic partners. For clarity purposes, these strategic partners are not confined to just distributing our products. Save for Fortune Supreme Food Supply (Sibul) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd, our Group does not have any other strategic partners as at the LPD.

This distribution model allows our Group to have a greater market reach for the Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products.

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7. BUSINESS OVERVIEW (CONT'D)

7.8.2 Product transportation

Our Group's internal transportation services provide delivery services to our customers of specified locations within our coverage. The transportation services in Kuching are managed by STSB, and covers a delivery radius of approximately 200 km.

Transportation services in Miri are managed by BFL and covers a delivery radius of approximately 100 km.

As at the LPD, our fleet of vehicles for delivery purposes are as follows:

Transportation vehicles	Quantity
<u>Location - Kuching</u>	
3.3-tonne refrigerated lorry	1
3.5-tonne refrigerated lorry	1
4.6-tonne refrigerated lorry	3
4.8-tonne refrigerated lorry	2
5.0-tonne refrigerated lorry	3
7.5-tonne refrigerated lorry	3
10.4-tonne refrigerated lorry	2
11.0-tonne refrigerated lorry	2
11.9-tonne refrigerated lorry	1
13.5-tonne non-refrigerated lorry	1
Semi-panel van	2
Panel van	2
<u>Location - Miri</u>	
2.6-tonne non-refrigerated lorry	1
3.0-tonne non-refrigerated lorry	1
3.0-tonne refrigerated lorry	2
3.4-tonne refrigerated lorry	1
Panel van	1
Total	29

7. BUSINESS OVERVIEW (CONT'D)

Lorry



Refrigerated lorry



Non-refrigerated lorry

Vans



Semi-panel van



Panel van

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7. BUSINESS OVERVIEW (CONT'D)**7.9 TYPES, SOURCES AND AVAILABILITY OF MATERIALS**

As a provider of market access and coverage of consumer products, we purchase our consumer products from a wide supplier base. The table below shows our purchases for the Financial Years Under Review.

Product Category	FYE 2021 ⁽¹⁾		FYE 2022 ⁽¹⁾		FYE 2023 ⁽¹⁾	
	RM'000	%	RM'000	%	RM'000	%
Frozen and Chilled Food Products	144,051	87.43	146,585	88.36	133,898	88.06
Ambient F&B Products	20,719	12.57	19,314	11.64	17,902	11.77
Non-F&B Products	-	-	-	-	255	0.17
TOTAL	164,770	100.00	165,899	100.00	152,055	100.00

Note:

(1) Our Group's local and foreign purchases for the FYEs 2021, 2022 and 2023 are as follow:

<i>FYE</i>	<i>Local purchases (%)</i>	<i>Foreign purchases (%)</i>
2021	29.23	70.77
2022	26.11	73.89
2023	30.61	69.39

Our major purchases are Frozen and Chilled Food Products, which comprised 87.43%, 88.36% and 88.06% of our total purchases in the FYEs 2021, 2022 and 2023, respectively. The Frozen and Chilled Food Products comprised frozen beef, buffalo meat, lamb, mutton, poultry, seafood, minced meat, burger patties, processed poultry products, processed seafood products, chilled beef, potato-based products, frozen vegetables and fruits, frozen pastries, butter and butter blend, cheese and margarine.

Our second major purchases are Ambient F&B Products, which comprised 12.57%, 11.64% and 11.77% of our total purchases in the FYEs 2021, 2022 and 2023, respectively. The Ambient F&B Products comprised cream, milk and milk powder, pasta and noodles, sauces, condiments, dressings, syrup, seasonings, spices, juices and beverages, canned food, honey, cooking oil, vinegar, bread crumbs, biscuits, raisins, jams, marmalade, soft drinks and ice cream powder.

Save for the interruption in the supply of imported products due to COVID-19, our Group has not encountered any material interruptions in the supply of materials for our business operations. Please refer to Section 7.17 for further details on the impact of COVID-19 on our supply chain.

7. BUSINESS OVERVIEW (CONT'D)

7.10 MARKETING STRATEGIES

As a distributor, we worked closely with our suppliers on marketing and promotions, and we assist in the process of carrying out the marketing activities.

We mainly adopt the following marketing strategies to sustain and grow our business:-

- (i) We maintain an up-to-date website at www.supremegroup.my, providing website visitors with comprehensive product information on all major product categories and contact information to facilitate communications between our Group and potential customers;
- (ii) We promote selected range of products through print media such as product catalogues, in conjunction with the promotions organised by our customers;
- (iii) We carry out marketing activities such as magazines adverts, product showcases, product samplings and food demonstrations to further increase our portfolio of products and increase its awareness and recognition;
- (iv) We have a team of 17 staff who are involved in marketing activities headed by our Assistant General Manager cum Sales and Marketing Manager, Justin Ho Tze Shiuan; and
- (v) We have our own merchandising team, who is responsible for the allocation of our portfolio of products on shelf spaces.



Product samplings

7. BUSINESS OVERVIEW (CONT'D)



Magazines adverts

7.11 TECHNOLOGY USED

Our Group utilises GudangSys WMS, a warehouse management system used to facilitate the management of our distribution and warehousing operations. GudangSys WMS is a software solution that utilises network mobile terminals and barcode technologies to automate manual warehouse processes, which enables us to coordinate the capturing, storage, management and processing of information for inventory control.

The advantage of GudangSys WMS lies in the comprehensive implementation of workflow automation tools for the control of all warehouse operations. It provides full visibility of all warehouse operations leveraging on barcoding technologies, mobile smart terminals and scanners as well as wireless equipment. Multiple dashboards and reports are available to manage inventories and to track inbound and outbound orders. GudangSys automates manual tasks, and provides visibility and meaningful reporting on our inventories in terms of remaining shelf life. Further, it provides consistency to warehouse operations while reducing errors that impact productivity.

The GudangSys WMS allows us to have better inventory control, improve the efficiency of our business processes, establish better methods for the delivery of goods and provide assurances to our customers on service quality.

7. BUSINESS OVERVIEW (CONT'D)

7.12 RESEARCH AND DEVELOPMENT

As we are primarily involved in the provision of market access and coverage of third-party brands and our own brands of products, therefore research and development is not relevant to our business. As such, we do not carry our research and development activities and we have not recognised any research and development expenditure for the Financial Years Under Review.

7.13 QUALITY ASSURANCE

As part of our quality assurance efforts, we have put in-place internal quality processes to ensure quality products are provided to our customers. The processes can be divided into two categories as follows:

(i) Third-party brands

The following are some of the internal quality processes that we undertake for our third-party brands:

- Visual inspection of inventory is conducted when receiving ordered stocks from suppliers as well as prior to delivery to customers; and
- Regular checks by our sales and merchandising team to ensure products are displayed as specified at retail locations.

(ii) Own brands

As for our own brands of products, we source the finished products from external suppliers locally and overseas, which are then packed under our own brands. We also source the raw material from external suppliers which we then processed and packed under our own brands. As at the LPD, all our external suppliers are Halal certified. Further, external suppliers from Malaysia are also encouraged to have MeSTI Certificate from the Ministry of Health Malaysia for adherence to food safety. Please refer to Section 7.21.3 of this Prospectus for further details on the Health and Halal certifications requirements for import of food.

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7. BUSINESS OVERVIEW (CONT'D)

7.14 MAJOR CUSTOMERS

Our Group's top 5 customers for the Financial Years Under Review are as follows:

FYE 2021

No.	Customers	Types of products sold	Revenue contribution		Length of relationship
			RM'000	⁽³⁾ %	⁽⁴⁾ Years
1	Unaco Group ⁽¹⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	9,958	5.31	10
2	BWY Holdings Sdn Bhd	Butter, cream, cheese and milk	9,432	5.03	6
3	Emart Group ⁽²⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	8,197	4.37	15
4	MFM Resources Sdn Bhd	Frozen meats and frozen poultry	7,312	3.90	10
5	Yeon Tak Coldstorage Sdn Bhd	Frozen meats and frozen poultry	5,116	2.73	19
			40,015	21.34	

7. BUSINESS OVERVIEW (CONT'D)**FYE 2022**

No.	Customers	Types of products sold	Revenue contribution		Length of relationship
			RM'000	(3) %	(4) Years
1	Unaco Group ⁽¹⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	12,077	5.75	10
2	MFM Resources Sdn Bhd	Frozen meats and frozen poultry	5,921	2.82	10
3	Supreme Food Supply (Bintulu) Sdn Bhd ⁽⁶⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	5,138	2.45	21
4	Everrise Departmental Sdn Bhd	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	4,695	2.24	31
5	Hong Li Cold Storage Sdn Bhd	Frozen meats, frozen poultry, beverages and dairy products	4,639	2.21	10
			32,470	15.47	

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

No.	Customers	Types of products sold	Revenue contribution		Length of relationship
			RM'000	(3) %	(4) Years
1	Unaco Group ⁽¹⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	15,246	7.64	10
2	Emart Group ⁽²⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	10,758	5.39	15
3	Customer A	Butter, cheese, condiments, cream, dressings, margarine, liquid milk, milk powder, cold cuts and others	5,376	2.69	10
4	MFM Resources Sdn Bhd	Frozen meat and frozen poultry.	5,201	2.60	10
5	Supreme Food Supply (Bintulu) Sdn Bhd ⁽⁶⁾	Frozen meats, frozen seafood, frozen poultry, frozen pastries, frozen further processed food, milk, cream, cheese, pasta, sauces, condiments, dressing and beverages	4,684	2.35	21
			41,265	20.67	

Notes:

- (1) *Unaco Group comprises Unaco Dynamic Sdn Bhd, Unaco Enterprise Sdn Bhd, Unaco Family Store Sdn Bhd, Unaco Farmhouse Sdn Bhd, Unaco Marketing Sdn Bhd, Unaco Power Sdn Bhd, Unaco Retailing Sdn Bhd, Unaco Trading Sdn Bhd and Unaco Vision Sdn Bhd.*
- (2) *Emart Group comprises Emart (Sarawak) Sdn Bhd, Emart (Batu Kawa) Sdn Bhd, Emart Express Sdn Bhd, Emart (Riam) Sdn Bhd and Emart (Batu Niah) Sdn Bhd.*

7. BUSINESS OVERVIEW (CONT'D)

- (3) *Calculated as the value of sales divided by total sales for the respective financial years.*
- (4) *Length of relationship as at LPD.*
- (5) *Customer A is a company incorporated in Malaysia. Customer A operates bakery stores in Sarawak.*
- (6) *Not related to our Group.*

Our Group's top 5 major customers accounted for approximately 21.34%, 15.47% and 20.67 % of our total revenues in the FYE 2021, FYE 2022 and FYE 2023, respectively. From this, none of our major customers contributed to 10.00% or more of our total revenue for the Financial Years Under Review. As such, we are not dependent on any of our customers.

Our Group has established between 6 and 31 years of business relationships with our major customers. Through our historical track record, we have been able to secure repeat orders for our products from existing major customers, as well as new orders from new customers. The fact that we are able to maintain long-standing business relationship with our customers is testament to our Group's capabilities in supplying quality products as well as meeting our customers' expectations on a timely basis.

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7. BUSINESS OVERVIEW (CONT'D)

7.15 MAJOR SUPPLIERS

Our Group's top 5 suppliers for the FYE 2021 to FYE 2023 are as follows:

FYE 2021

No.	Suppliers	Country	Types of products sourced	Value of purchases		Length of relationship
				RM'000	(2) %	(3) Years
1	Allanasons Private Limited	India	Frozen buffalo meat	35,447	21.51	7
2	Ballantyne Group ⁽¹⁾	Australia and New Zealand	Butter	12,011	7.29	6
3	Ararat Abattoirs Exports Pty Ltd	Australia	Frozen lamb and frozen mutton	11,440	6.94	8
4	Heng Business Links Pty Ltd	Australia	Cheese	6,493	3.94	16
5	Ramly Food Marketing Sdn Bhd	Malaysia	Frozen minced meat, frozen potato-based products, burger patties, frozen processed poultry products, frozen processed seafood products, frozen processed beef products, other frozen processed products, frozen pastries, seasonings and condiments	6,107	3.71	7
				71,498	43.39	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2022

No.	Suppliers	Country	Types of products sourced	Value of purchases		Length of relationship
				RM'000	(2) %	(3) Years
1	Allanasons Private Limited	India	Frozen buffalo meat	45,093	27.18	7
2	Ararat Abattoirs Exports Pty Ltd	Australia	Frozen lamb and frozen mutton	10,912	6.58	7
3	Alliance Group Limited	New Zealand	Frozen lamb and frozen mutton	8,660	5.22	5
4	Ramly Food Marketing Sdn Bhd	Malaysia	Frozen minced meat, frozen potato-based products, burger patties, frozen processed poultry products, frozen processed seafood products, frozen processed beef products, other frozen processed products, frozen pastries, seasonings and condiments	6,369	3.84	7
5	Ballantyne Group ⁽¹⁾	Australia and New Zealand	Butter	5,849	3.53	6
				76,883	46.35	

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

No.	Suppliers	Country	Types of products sourced	Value of purchases		Length of relationship
				RM'000	(²) %	(³) Years
1	Allanasons Private Limited	India	Frozen buffalo meat	35,556	23.38	7
2	Ballantyne Group ⁽¹⁾	Australia and New Zealand	Butter	8,732	5.74	6
3	Ramly Food Marketing Sdn Bhd	Malaysia	Frozen minced meat, frozen potato-based products, burger patties, frozen processed poultry products, frozen processed seafood products, frozen processed beef products, other frozen processed products, frozen pastries, seasonings and condiments	7,149	4.70	7
4	Unilever (Malaysia) Holdings Sdn Bhd	Malaysia	Condiments, dressings and others	4,741	3.12	9
5	Midfield Meat International Pty Ltd	Australia	Frozen beef, frozen lamb and frozen mutton	4,673	3.07	1
				60,851	40.01	

Notes:

- (1) *Ballantyne Group comprises Ballantyne Foods Pty Ltd and Ballantyne Foods Pty (NZ) Limited.*
- (2) *Calculated as the value of purchases divided by total purchases for the respective financial years.*
- (3) *Length of relationship as at LPD.*

Our Group's top 5 major suppliers accounted for approximately 43.39%, 46.35% and 40.01% of our total purchases in the Financial Years Under Review, respectively. We mainly procure frozen meats and dairy products from our top 5 major suppliers.

7. BUSINESS OVERVIEW (CONT'D)

Allanasons Private Limited contributed to 21.51%, 27.18% and 23.38% of our total purchases in the Financial Years Under Review, respectively. We procure frozen buffalo meat from Allanasons Private Limited as they are able to supply halal meat that is suitable for the Malaysian market. Allanasons Private Limited, based in India, is a manufacturer and supplier of frozen meats and other food products. We have worked together with Allanasons Private Limited for approximately 7 years, during which we have worked closely with them to increase their brand and product distribution in the market.

We have established a long and mutually beneficial business relationship with our major suppliers. Further, our Group continually seeks new agency rights to increase the brands and types of products for our Group's distribution, therefore, reducing our reliance on one particular brand.

As such, we are not dependent on Allanasons Private Limited or any of our major suppliers as the products we purchase from these major suppliers are readily available in the market and we have alternative sources of supply. In the event that any of these suppliers cease selling to us, we can easily source for similar products from other suppliers in the market.

7.16 EMPLOYEES

As at the LPD, our Group has a total of 201 employees whom are all Malaysians and no foreign employees. Out of these 201 employees, we have 4 contractual employees.

None of our employees belong to any trade unions and there has been no industrial dispute since we commenced operations.

A summary of our Group's total workforce by department as at 30 September 2023 and as at the LPD are as set out below:

Department	Number of employees	
	As at 30 September 2023	As at the LPD
Directors	6	6
Sales and Marketing	46	45
Administration, finance and human resource	14	14
Warehouse	38	36
Processing and packaging	24	28
Facility and Maintenance	6	6
Logistics	60	63
Supply-chain and certification	3	3
Total	197	201

7. BUSINESS OVERVIEW (CONT'D)

7.17 INTERRUPTIONS TO BUSINESS AND OPERATIONS

Our Group has not experienced any material interruption which has significantly affected our business.

IMPACT OF COVID-19 ON OUR GROUP

The impact on our business and operations pursuant to the COVID-19 pandemic is detailed as follows:

(i) Impact on our business operations

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.

(ii) Impact on our supply chain

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.

(iii) Impact on our Group's financial performance

We did not experience material disruptions in our business operations as a result of impositions of various phases of MCOs since March 2020. Our revenue growth was stable, increasing from RM144.78 million in FYE 2019 to RM163.50 million in FYE 2020.

As at the LPD, our Group received approximately RM0.79 million under the Wage Subsidy Program, which was then remunerated to our employees. The Wage Subsidy Program is a financial assistance program introduced by the Government which aims to support employers whose operations have been affected by COVID-19 with continuing operations and retaining employees.

As restrictions were eventually lifted in 2021 amid progress in domestic vaccinations, economic activities as well as reopening of food service sector. Further, the reopening of the economy spurred the demand for our products among food service operators. As a result, our revenue rebounded from RM163.50 million in FYE 2020 to RM187.50 million in FYE 2021 and RM209.95 million in FYE 2022.

Moving forward, we expect a continuous demand for our products as Malaysia's economy continues to show signs of recovery.

Premised on the above, we do not expect any material impact to our business and earning prospects.

7. BUSINESS OVERVIEW (CONT'D)

(iv) Strategy and steps taken to address the impact of COVID-19 pandemic

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.

Our present COVID-19 SOP includes requiring all employees who have tested positive for COVID-19 to self-quarantined and is required to test negative before returning to work.

Since the beginning of the COVID-19 pandemic and up to the LPD, the total costs for the implementation of COVID-19 SOP includes but not limited to purchase of masks, hand sanitisers and self-test kits, amounted to approximately RM0.12 million. For the Financial Years Under Review and up to the LPD, our Group did not breach any laws and regulations arising from the COVID-19 pandemic.

(v) Impact of COVID-19 on our Group under the endemic phase of COVID-19

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

7.18 OUR STRATEGIES AND BUSINESS PLANS

Moving forward, our Group will focus on the following strategies to grow our business:



7. BUSINESS OVERVIEW (CONT'D)

(i) We intend to expand our product range to meet consumer demands

Our Group intends to consistently secure new agency rights as part of our continued and ongoing efforts to expand our product range in order to introduce new products to cater for consumers' everchanging needs. The expansion will involve securing rights for local and overseas products as well as possible acquisitions of other distributors carrying extensive range of products. As at the LPD, our Group has yet to identify any suitable opportunities for acquisitions of other distributors. By expanding our product range, we aim to attract new consumers and generate additional streams of revenue.

In this respect, we plan to introduce new frozen and chilled meat products under our Frozen and Chilled Food Products category, where we are in the midst of identifying suitable suppliers from South America and Thailand. Once we have identified these suppliers, we will conduct our due-diligence on their company background and products offered to ensure that they are suitable to work with.

Our Group has also incorporated a new subsidiary, SDVSB, with the intention to undertake the export and trading of dairy products. Currently, our Group is looking at venturing into the distribution of fresh milk products using our own brand, Supreme. As at the LPD, there is no specific timeframe to commence the business operations of SDVSB as our Group is still exploring market opportunities and understanding the market sentiments of the distribution of this product.

Our Group is well-placed to leverage on the current market recognition of our distribution network to expand our product offering. This will help us in securing new agency rights given our Group's track record. We will continue to leverage on our strong knowledge of local preferences and consumer insights to expand our product range through the addition of new products under existing product categories or introducing new products categories. We intend to utilise internally generated funds and / or bank borrowings for the expansion of our product range.

(ii) We intend to expand our distribution network and strengthen our distribution reach in Sarawak and Sabah

Our Group's warehousing and distribution centres are currently located in Kuching and Miri. As part of our expansion plan, we intend to increase the number of distribution network in selected districts in Sarawak and Sabah in order to have our own distribution network for improved distribution efficiency and at the same time, reduce our dependency on distributors.

We are currently exploring the possibilities of further expanding our distribution network in Sibul and Bintulu, two districts that are located in the middle of the state of Sarawak, as well as Kota Kinabalu in Sabah. This could be achieved via acquisition of suitable distributors or by establishing a distribution network in the said areas.

As at the LPD, our Group has yet to identify any suitable opportunities and is expected to roll out this expansion plan within 24 months from the completion of the Listing.

We intend to utilise internally generated funds and / or bank borrowings for the expansion of our distribution network.

7. BUSINESS OVERVIEW (CONT'D)

(iii) We intend to expand warehouse capacity to meet the growing needs of our Group

One of the immediate future plans of our Group involves constructing a new warehousing and cold storage facility that will serve as an additional distribution centre for our Group and is expected to cater for the expansion of our Group's products in Sarawak.

Our current warehousing and cold storage facilities is operating at almost full capacity, resulting in the need to rent additional storage space occasionally to store our products which increases our expenses and reduces operational efficiency. As at the LPD, the utilisation rate for the warehouses in Kuching and Miri based on the number of pallets is 94.20% and 56.32%, respectively. Please refer to Section 7.8 of this Prospectus for our operational facilities and capacities. The new Warehousing Facilities will include a new warehousing area, cold storage facilities (such as freezer and chiller room to store frozen and chilled food), office, loading and unloading bay.

As at the LPD, our Group is still in the midst of identifying a suitable parcel of land for the new warehousing and cold storage facility. The location of the new industrial land to be acquired is anticipated to be within 10km radius from our Group's current office cum warehouse situated at Lot 919. The size of the new industrial land is expected to be between 1 to 2 acres. Our Group has estimated the cost of the new industrial land to not exceed RM8.00 million and the construction cost to be approximately RM6.00 million and with that an additional 1,500 pallet space will be added to the current 2,588 pallet space in our Warehousing Facilities in Kuching. We intend to utilise RM[●] million or [●]% of the gross proceeds from the Public Issue for the expansion plan. In the event of a shortfall to cover the total cost of acquisition and construction, our Group will finance the difference via bank facilities and / or internally generated funds. The proportion of bank facilities and / or internally generated funds will be dependent on the existing financing capacity and cash and bank balances at the point of utilisation, which our Group is unable to determine at this juncture.

7.19 INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS

As at the LPD, the following are contracts or agreements including industrial, commercial or financial contracts, which are material to our business or profitability:

(i) SCS

Distribution agreement dated 1 January 2024 between McCain International Inc of New Brunswick, Canada and SCS.

The salient terms of the abovementioned agreement are as follows:

Description	
	<p>McCain International Inc., a corporation organized and existing under the laws of New Brunswick, Canada ("McCain") appoints SCS as its distributor on a non-exclusive basis to market, sell and distribute McCain products within the territory mentioned below. SCS is not allowed to appoint sub-distributors for McCain products without McCain's prior written consent.</p> <p>Under this agreement, SCS orders McCain products from McCain and pays to McCain without deduction, such sales prices established by McCain in the currency of the United States of America from time to time. SCS then resells such McCain products in their original form and packaging within the designated territory,</p>

7. BUSINESS OVERVIEW (CONT'D)

	at a resale price recommended by McCain but not binding. If McCain determines it to be appropriate and available, McCain will provide standard advertising materials and literature, product technical information, sales and technical support to SCS at a cost approximately equivalent to that charged to other distributors of McCain, for SCS to use in its resale and distribution of McCain products.
Term / Duration	This distribution agreement commenced on 1 January 2024 and will continue for a period of 2 years, which will therefore expire on 31 December 2025.
Territory	Sarawak, Malaysia
Payment Term	Payment for McCain products by SCS is based on documentary credit sight, in that McCain would send invoices and supporting documents directly to the bank at which SCS opens and maintains an account with. SFS is required to pay the bank in order to receive the necessary documentation to clear the container(s) upon arrival. McCain will not be responsible for any demurrage charges due to delays in obtaining such documents from the bank. Such payment terms may however be revised by McCain at any time at its sole discretion.
Products	McCain products consisting of frozen potato-based products.
Termination / Events of Default	<p>McCain may terminate this distribution agreement, without any compensation of payment, if:</p> <ul style="list-style-type: none"> - SCS falls below the service level performance or sales target set by McCain as required on the part of SCS to inform McCain by the month of May each year before McCain's fiscal year begins in July; - there is a material change in the management, control, or conduct of SCS's business including a sale, lease or exchange of all or substantially all the inventory or assets of SCS, and if McCain in its sole discretion believes that such a change may materially hinder SCS's ability to fulfil its obligations under the distribution agreement; - SCS commits a material breach of this distribution agreement which McCain reasonably considers to be incapable of remedy by SCS; - there is a change in the legislation applicable within the territory of Sarawak, Malaysia and which would materially impact McCain's rights and / or obligations under this distribution agreement; - SCS ceases doing business or commences dissolution or liquidation proceedings, or faces bankruptcy charges; or - there is a breach of applicable laws and / or McCain's code of conduct by suppliers. <p>Upon termination, McCain will have the right without any liability to SCS, to cancel shipment of any previously accepted orders of SCS for McCain products or stop any McCain products in transit to SCS,</p>

7. BUSINESS OVERVIEW (CONT'D)

	<p>and SCS will not be entitled to receive any damages or compensation from McCain.</p> <p>McCain will also have the option to repurchase from SCS those McCain products which were purchased by SCS, whether fully paid for or still owing by SCS at a repurchase price consisting of the purchase price paid for by SCS plus freight and transit insurance costs reasonably incurred by SCS.</p> <p>Alternatively, McCain may request SCS to ship those McCain products to another distributor at the same repurchase price.</p> <p>Notwithstanding the termination of this distribution agreement, SCS shall remain liable to pay for its purchases of any McCain products which remains unpaid and owing to McCain at the time of termination.</p>
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(ii) SFS

- (a) Distribution agreement dated 21 February 2017 Unilever (Malaysia) Holdings Sdn Bhd (“Unilever”) and SFS.

The salient terms of the distribution agreement are as follows:

Description	<p>SFS is appointed as the distributor of Unilever for the resale and distribution of the Unilever products sold under Unilever’s tradename, trademarks, and brand names comprising Planta, Carte D’or, Lipton, Lady’s Choice and Knorr, within the territory stated below.</p> <p>Such appointment is not exclusive because Unilever has the right to appoint another distributor within the designated territory, if and when deemed necessary by Unilever.</p> <p>Under this distribution agreement, SFS purchases Unilever products from Unilever at prices as shall be agreed between Unilever and SFS from time to time, and SFS is responsible for distributing such Unilever products without altering the packaging or labelling of products and without any representations or warranties with respect to the products except as expressly authorised in writing by Unilever, within the designated territory, for which, SFS is entitled to a distribution commission from the gross sales value.</p> <p>SFS is expressly prohibited from selling Unilever products, either directly or indirectly, to any outlet directly serviced by Unilever, unless prior written agreement has been obtained from Unilever. Additionally, SFS is strictly prohibited from selling, distributing, offering for sale, advertising, exporting, or dealing with, Unilever products in any manner beyond the designated territory, or any substitute or an imitation of Unilever products or products which bear any mark or design which is similar or confusingly similar with Unilever products.</p>
Term / Duration	<p>Irrespective of the date of this distribution agreement, this distribution agreement shall be deemed to have come into effect on 1 September 2015, and shall remain in force unless otherwise determined in accordance with this distribution agreement.</p>

7. BUSINESS OVERVIEW (CONT'D)

Territory	Kuching, Sarawak, Malaysia
Payment Term	Payment for the products shall be effected in accordance to the terms and conditions of the Corporate Purchasing Card Programme (also known as the AMEX MAYBANK Programme). Distributor shall be entitled to a Corporate Purchasing card Programme Incentive by way of a deduction of one percent (1%) of the Gross Sales Value less Distributor's Commission.
Products	Planta, Carte D'or, Lipton, Lady's Choice and Knorr. Pursuant to a letter dated 14 January 2024, Unilever has ceased supply of Planta and Lipton brands of products to SFS. As such, SFS no longer distributes these brands.
Termination / Events of Default	<p>Unilever may terminate this distribution agreement in whole or in part immediately without compensation or payment, by giving notice in writing to SFS, if:</p> <ul style="list-style-type: none"> – there is any change in the ownership, control or management of SFS; – there is a material breach of the distribution agreement or any of the agreed service levels, and such breach is not remedied within 7 days of Unilever's request to SFS do so, or the breach is incapable of remedy within such period; – SFS becomes insolvent or is unable to pay its debts as they fall due or any of such events is threatened to occur; – SFS is found to have in its custody or control and / or within its premises or having purchased any products bearing intellectual property similar or confusingly similar to the intellectual property rights of Unilever or bearing a name similar or confusingly similar to the intellectual property rights of Unilever or products of a different name but resembles the get-up, label, trade dress or colours of Unilever; – SFS is found to have participated in any act, either by itself or through any third party, which shall result in or encourage parallel imports of the Unilever products distributed by SFS under the distribution agreement; or – SFS is found to have breached Unilever's code of business principles. <p>Such right of termination shall be without prejudice to any course of action which Unilever may have against SFS arising from a breach of the distribution agreement.</p> <p>Nevertheless, it is provided in this distribution agreement that either Unilever or SFS may terminate the agreement in whole or in part, at any time by giving 3 months' notice, or if there occurs a force majeure event affecting the other party which lasts more than 60 days.</p> <p>Upon termination, SFS shall take all necessary actions as required under the distribution agreement, including settling all outstanding payments due to Unilever within 60 days from the date of</p>

7. BUSINESS OVERVIEW (CONT'D)

	termination failing which, Unilever will be entitled to initiate debt recovery actions against SFS.
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- (b) Concession of exclusive sales rights agreement dated 1 January 2022 between F. Divella S.P.A (“**Divella**”) and SFS.

The salient terms of the concession of sales rights agreement are as follows:

Description	Divella has granted SFS the exclusive sales rights to sell “Divella” brand of products within the territory stated below. This agreement is exclusive in nature, and as part of this exclusivity, SFS commits itself to refraining from distributing or producing products that are the same or similar to Divella brand of products. Divella, on the other hand, shall comply with all regulations and requirements of the government or other authorities in the Territory relating to the Divella brand of products. This agreement expressly and automatically excludes and does not apply to Pizza Hut Malaysia, a part of the QST Trading group, a subsidiary of Yum! Brands, Inc, across the Territory. Furthermore, SFS commits to refraining from making direct offers of Divella brand of products to any Pizza Hut Restaurant within the Territory.
Term / Duration	This agreement is valid from 1 January 2022 to 31 December 2023, and thereafter it shall continue until terminated by either Divella or SFS, by way of a prior notice in writing of not less than 6 months given by one party to the other. As at the LPD, there is no notice of termination served by Divella to SFS or by SFS to Divella.
Territory	East Malaysia, that is limited to the territories of Sabah, Sarawak and Labuan.
Payment Term	All payment for Divella brand of products must always be made as agreed, either via bank transfer or documents against payment (D/P). The invoicing currency for Divella is Euro.
Products	“Divella” brand of products comprising drum wheat semolina pasta and biscuits.
Termination / Events of Default	Not provided in the agreement.

- (iii) **BFL**

Distribution agreement dated 25 May 2017 between Unilever (Malaysia) Holdings Sdn Bhd (“**Unilever**”) and BFL.

The salient terms of the distribution agreement are as follows:

Description	Unilever has appointed BFL as its distributor for products sold under Unilever’s tradename, trademarks, and brand names in the territory stated below. Such appointment is not exclusive because Unilever has the right to appoint another distributor within the designated territory, if and when deemed necessary by Unilever.
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7. BUSINESS OVERVIEW (CONT'D)

	<p>Under this distribution agreement, BFL purchases Unilever products from Unilever at prices as shall be agreed between Unilever and BFL from time to time, and BFL is responsible for distributing such Unilever products without altering the packaging or labelling of products and without any representations or warranties with respect to the products except as expressly authorised in writing by Unilever, within the designated territory, for which, BFL is entitled to a distribution commission from the gross sales value.</p> <p>BFL is expressly prohibited from selling Unilever products, either directly or indirectly, to any outlet directly serviced by Unilever, unless prior written agreement has been obtained from Unilever. Additionally, BFL is strictly prohibited from selling, distributing, offering for sale, advertising, exporting, or dealing with, Unilever products in any manner beyond the designated territory, or any substitute or an imitation of Unilever products or products which bear any mark or design which is similar or confusingly similar with Unilever products.</p>
Term / Duration	Irrespective of the date of this distribution agreement, it shall be deemed to have come into effect on 26 May 2017 and shall remain in force unless otherwise determined in accordance with this distribution agreement.
Territory	Miri, Sarawak, Malaysia
Payment Term	Payment for the products shall be effected in accordance to the terms and conditions of the Corporate Purchasing Card Programme (also known as the AMEX MAYBANK Programme). Distributor shall be entitled to a Corporate Purchasing card Programme Incentive by way of a deduction of one percent (1%) of the Gross Sales Value less Distributor's Commission.
Products	<p>Planta, Carte D'or, Lipton, Knorr, and Lady's Choice</p> <p>Pursuant to a letter dated 14 January 2024, Unilever has ceased supply of Planta and Lipton brands of products to BFL. As such, BFL no longer distributes these brands.</p>
Termination / Events of Default	<p>Unilever may terminate this distribution agreement in whole or in part immediately without compensation or payment, by giving notice in writing to BFL, if:</p> <ul style="list-style-type: none"> - there is any change in the ownership, control or management of BFL; - there is a material breach of the distribution agreement or any of the agreed service levels, and such breach not remedied within 7 days of Unilever's request to BFL do so, or the breach is incapable of remedy within such period; - BFL becomes insolvent or is unable to pay its debts as they fall due or any of such events is threatened to occur; - BFL is found to have in its custody or control and / or within its premises of having purchased any products bearing intellectual property similar or confusingly similar to the intellectual property rights of Unilever or bearing a name similar or confusingly similar to the intellectual property

7. BUSINESS OVERVIEW (CONT'D)

	<p>rights of Unilever or products of a different name but resembles the get-up, label, trade dress or colours of Unilever;</p> <ul style="list-style-type: none"> - BFL is found to have participated in any act, either by itself or through any third party, which shall result in or encourage parallel imports of the Unilever products distributed by BFL under the distribution agreement; or - BFL is found to have breached Unilever's code of business principles. <p>Such right of termination shall be without prejudice to any course of action which Unilever may have against BFL arising from a breach of the distribution agreement.</p> <p>Nevertheless, either Unilever or BFL may terminate the agreement in whole or in part, at any time by giving 3 months' notice, or if there occurs a force majeure event affecting the other party which lasts more than 60 days.</p> <p>Upon termination, BFL shall take all necessary actions as required under the distribution agreement, including settling all outstanding payments due to Unilever within 60 days from the date of termination failing which, Unilever will be entitled to initiate debt recovery actions against SFS.</p>
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Besides the abovementioned agreements, as at the LPD, the relevant subsidiaries within our Group have been appointed for the distribution of various brands of products through letters of appointment, where certain letters of appointment were subsequently renewed by the respective principal / agent as follows:

Company	Principal / Agent	Date of Letter of Appointment	Brands of Products	Territory
SCS	Pacific West Foods (M) Sdn Bhd	24 July 2021	Pacific West	Sarawak
	F&B Network Sdn Bhd	8 January 2024	EZI and Ayamas	Sarawak
	Mac Food Services (M) Sdn Bhd ⁽¹⁾	2 January 2024	Tyson food service product	Sarawak
	Agrarfrost GmbH & Co. KG	29 August 2023	Agrarfrost	East Malaysia
	PSM Group Pte Ltd of Singapore	1 November 2014	Pertama, PTM and Premero	Sarawak
	Primabaguz Foods Sdn Bhd	8 April 2022	PrimaBaguz	Sarawak
	Farm's Best Food Industries Sdn Bhd	24 August 2016	Farm's Segaria Rasaria Best, and	Sarawak

7. BUSINESS OVERVIEW (CONT'D)

	Ramly Food Marketing Sdn Bhd	1 April 2017	Ramly	Sarawak
	Daily Fresh Trading Sdn Bhd	1 August 2017	Frozen vegetables and fruits	Sarawak
SFS	Prima Cheese Ltd of UK	1 July 2020	Prima	East Malaysia
	Saputo Dairy Australia Pty Ltd	24 July 2021	Devondale	East Malaysia
	Ballantyne Foods Pty Ltd	1 November 2018	Golden Churn	East Malaysia
	Westland Dairy Company Ltd	26 June 2019	Westgold	East Malaysia
	Frosty Boy Australia Pty Ltd	28 February 2023	Frosty Boy	East Malaysia
	New Sevegep Ltd	18 January 2023	Cyprina and Tea Time	Kuching, Sarawak
	Lam Soon Edible Oils Sdn Bhd	1 January 2023	Farmcows, Naturel and Daisy	Sarawak
	Heng Business Links Pty Ltd	16 October 2017	Bega cheese products	Sarawak
	Green Master Global Fine Food Sdn Bhd	19 October 2017	Miny	Sarawak
	Knispel Brothers Pty Ltd of Australia	24 November 2020	Nippy's	East Malaysia
	Trade World Enterprise	1 August 2017	Nature Sea	Sarawak
Crispo-Tato (M) Sdn Bhd	5 May 2017	Promex	Sarawak	
BFL	QL Figo Foods Sdn Bhd	24 October 2017	Figo	Miri, Sarawak
	Ting & Ling Trading Sdn Bhd of Bintulu, Sarawak	30 April 2016	Ayamas	Miri, Lawas and Limbang, Sarawak
	CKT Marketing Sdn Bhd	9 September 2017	Lazat	Miri, Sarawak

Note:

- (1) *This letter of appointment is issued to our Company. Mac Food Services (M) Sdn Bhd will amend the letter to address the appointment to SCS instead.*

7. BUSINESS OVERVIEW (CONT'D)

7.20 GOVERNMENT LAWS AND REGULATIONS

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

No.	Laws / Regulations	Relevant provisions	Status of compliance
1.	Businesses, Professions and Trades Licensing Ordinance 1958 of Sarawak	<p>The provisions relating to licence to carry on business are found in the following sections of this Ordinance:</p> <p>Section 3(1) – <i>“Any person who, whether alone or in partnership or association with others, and whether as principal, agent or manager, or in any other capacity, carries on in Sarawak any business in respect of which a trading licence is not for the time being in force, or who carries on such business in any premises or place, or by means of any vessel or vehicle or other means or thing whatsoever, to which such licence does not extend, shall be guilty of an offence: Penalty, a fine of RM1,000.00.”</i></p> <p>Section 3(2) – <i>“A separate trading licence is required for each of the businesses in the First Schedule which may be carried on and, if such Schedule so provides, for every premises at which a business to which this Ordinance applies is being carried on or, as the case may be, for every vessel or vehicle or other means of thing by which such business is carried on.”</i></p> <p>Section 6(1) – <i>“Trading licences issued under this Ordinance shall be valid for a period of one year from the date of issue, but the annual fee may on application in the prescribed form be paid in half yearly instalments.”</i></p> <p>Section 21(1) – <i>“Whenever a separate licence is required in respect of any premises, or in respect of any vessel, vehicle or other chattel, such licence shall be exhibited in a conspicuous place on such premises, vessel, vehicle or chatter.”</i></p>	<p>Complied.</p> <p>Our Group has obtained trading licence to carry on each type of the businesses at every premises at which such businesses are being carried on, and renews such trading licence on an annual basis before the date of expiry.</p> <p>Full details of the trading licences are set out in No. 1 to 8 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
2.	The Local Authorities Ordinance, 1996 of Sarawak and The Local Authorities (Advertisements) By-Laws, 2012 made pursuant thereto	<p>The relevant provisions governing the erection and exhibition of business name signboard are found in the following by-laws:</p> <p>By-Law 2(1) provides that “advertisement” includes a business name signboard, and “façade” means “<i>the exterior wall that faces the street</i>”.</p> <p>By-Law (2)(1) – <i>“business name signboard means any sign or device which displays the registered name or the registered trade name of any person, firm, corporation or organization and the nature of the trade, business or profession carried on by such person, firm, corporation or organization and includes a directional sign displayed within a building.”</i></p> <p>By-Law 4 – <i>“No person shall erect or exhibit or cause to be erected or exhibited within the areas under the jurisdiction of any local authority any advertisement, other than those exempted under by-law 26, without a license issued by the local authority under by-law 7.”</i></p> <p>By-Law 5 – <i>“Where the local authority approves the retention of any advertisement which has been erected or exhibited without a licence, a fee equal to five times the prescribed fee for such advertisement shall be payable in respect of the licence whenever issued.”</i></p> <p>By-Law 7 – <i>“The local authority may issue or renew a licence to exhibit an advertisement in Form B of the First Schedule.”</i></p> <p>By-Law 13(1) – <i>“No business name signboard shall be exhibited or displaced on the façade of any building which is not permitted by the title condition of the land to be used for office, commercial or industrial purpose.”</i></p>	<p>Complied. ⁽¹⁾</p> <p>Our Group has obtained licence to erect and exhibit business name signboard at the façade of building located at Lot 842 Block 7 Muara Tebas Land District, Lot 919 Block 7 Muara Tebas Land District, and at Lot 1248 Block 5 Kuala Baram Land District, Jalan Maigold, Senadin, 98000 Miri, Sarawak.</p> <p>Full details of the licences for the erection and exhibition of business name signboard are set out in No. 37, 39 and 41 of Section 7.21.1 of this Prospectus.</p> <p>Note:</p> <p>(1) <i>There were instances of past non-compliances, which have since been resolved. Please refer to the full details as set out in Section 7.24 of this Prospectus.</i></p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>By-Law 13(2) – <i>“A business name signboard may be affixed to, or painted or embossed on, the façade or the frontage wall of the floor of erected within the compound area of the building where such trade, business or profession is carried out.”</i></p> <p>By-Law 28 – <i>“Any person who contravenes any of the provisions of these By-laws or fails to comply with any conditions imposed on the licence commits an offence: Penalty, a fine not exceeding RM5,000.00 and imprisonment not exceeding 6 months, and in the case of a continuing offence, a further fine not exceeding RM200 for each day during which the offence continues:”</i></p>	
3.	The Buildings Ordinance, 1994 of Sarawak and the Building By-Laws made pursuant thereto	<p>The relevant provisions governing the requirements to obtain occupation permit for buildings located in Sarawak are found in the following:</p> <p>Section 2(1) – <i>“building” includes any house, hut, shed or roofed enclosure, whether used for the purpose of human habitation or otherwise, and also any wall, fence, platform, septic tank, underground tank, staging, gate, post, pillar, paling, frame, hoarding, slip, dock, wharf, pier, jetty, landing-stage, swimming pool, bridge, railway lines, transmission lines or tower, cables, rediffusion lines, overhead or underground pipelines, or any other structure, support or foundation”</i></p> <p>Section 8(1) – <i>“No person shall erect any building without the prior written permission of the local authority.”</i></p> <p>Section 10(b) – <i>“Where the local authority is satisfied that a building has been erected or in the course of erection or is about to be erected in contravention of Section 8, or if such building has been erected prior to the coming into force of this Ordinance, in contravention of any law then in force relating to buildings, and in respect of which building approval under any law was not given subsequently, the local authority may by notice served</i></p>	<p>Complied, save for an on-going non-compliance in respect of the office building situated on Lot 842 Block 7 Muara Tebas Land District, the details of which are as set out in Section 7.24 of this Prospectus.</p> <p>The buildings owned by our Group have been issued with occupation permits by the relevant local authority having jurisdiction over the buildings, namely, The Commissioner of the City of Kuching North (Dewan Bandaraya Kuching Utara) in respect of our properties located in Kuching, Sarawak and by the Miri City Council in respect of our properties located in Miri, Sarawak.</p> <p>Full details of the properties owned by our Group and the occupation permits issued are set out in Section 7.23 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>on the owner of the land require him to demolish such building within such time as the local authority may specify"</i></p> <p>By-Law 24 – <i>"No person shall occupy or permit to be occupied any building or any part thereof unless an occupation permit, a partial occupation permit or a temporary occupation permit has been issued under these Bylaws for such building and any failure to comply with this by law shall render such person guilty of an offence: Penalty, a fine of not exceeding RM10,000.00 and, in the case of a continuing offence to a further fine of not exceeding RM300.00 per day during which the offence is continued after notice to cease occupying the building has been issued on such person."</i></p>	
4.	The Food Act 1983 of Malaysia, and the Food Hygiene Regulations 2009 made pursuant thereto	<p>The relevant laws governing registration of food premises are as follows:</p> <p>Section 2 defines "food premises" as – <i>"premises used for or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food, or the relabelling, reprocessing or reconditioning of any food"</i></p> <p>Regulation 3(1) – <i>"No person shall use any food premises specified in the First Schedule for the purposes of, or in connection with the preparation, preservation, packaging storage, conveyance, distribution or sale of any food of the relabelling, reprocessing or reconditioning of any food except the premises is registered under the Regulations."</i></p> <p>Regulation 3(2) – <i>"Any person who fails to comply with sub-regulation (1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years."</i></p>	<p>Complied.</p> <p>SCS and SFS have registered their building premises as food premises involved in manufacturing of food, and certificates of registration have been issued.</p> <p>Full details of the certificates of registration issued are set out in No. 23 and 24 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>First Schedule – <i>“Food premises are (1) all food premises involved in manufacturing of food; (2) all food premises involved in catering or mass catering of food; (3) all premises where food is prepared, processed, stored or served for sale; and (4) all vehicles from which ready to eat food is sold.”</i></p> <p>Regulation 4(1) – <i>“An application for registration of food premises shall be made to the Deputy Director General of Health (Public Health) of the Ministry of Health (“Director”) in such form and manner and be accompanied with such information and particulars, as the Director may specify.”</i></p> <p>Regulation 5(1) – <i>“The Director may, after considering an application under sub-regulation (4)(1) and on being satisfied with the information and particulars submitted, issue a certificate of registration for food premises as prescribed in the Second Schedule.”</i></p> <p>Regulation 6 – <i>“A certificate of registration for food premises shall be valid for a period of not exceeding 3 years from the date of its issuance.”</i></p> <p>Regulation 8(1)(a) – <i>“A proprietor, owner or occupier of food premises shall conspicuously display a certificate of registration of food premises in the food premises.”</i></p> <p>Regulation 8(2) – <i>“Any proprietor, owner or occupier of food premises who fails to comply with sub-regulation (1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years.”</i></p>	

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
5.	The Food Act 1983 of Malaysia, and the Food Hygiene Regulations 2009 made pursuant thereto	<p>The relevant laws governing the conduct and maintenance of food premises are as follows:</p> <p>Section 2 of Food Act 1983 defines “food premises” as – <i>“premises used for or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food, or the relabelling, reprocessing or reconditioning of any food”</i></p> <p>Regulation 9(1) – <i>“A proprietor, owner or occupier of food premises specified in the Third Schedule shall make available a food safety assurance programme in the food premises.”</i></p> <p>Regulation 9(2) – <i>“Any proprietor, owner or occupier of food premises who fails to comply with subregulation (1) commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000.00 or to imprisonment for a term not exceeding 2 years.”</i></p> <p>Third Schedule – <i>“All food premises involved in the manufacturing of food.”</i></p>	<p>Complied.</p> <p>The building premises which SCS has registered as food premises for manufacturing of food, has been certified under Makanan Selamat Tanggungjawab Industri (MeSTI) by the Ministry of Health Malaysia. MeSTI is a food safety management certification scheme in Malaysia.</p> <p>Full details of the MeSTI certificate are set out in No. 22 under Section 7.21.1 of this Prospectus.</p>
6.	Trade Descriptions Act 2011 of Malaysia, and the Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011 made pursuant thereto Food Act 1983 of Malaysia	<p>The laws governing halal food and halal certificates are as follows:</p> <p>Under the Trade Description (Definition of Halal) Order 2011 –</p> <p>Paragraph 3(1) and (3) provide as follows: <i>“(1) When food or goods are described as halal or are described in any other expression to indicate that the food or goods can be consumed or used by a Muslim, such expression means that the food or goods:</i></p> <p><i>(a) neither is nor consist of or contains any part or matter of an animal that is prohibited by Hukum Syarak for a Muslim to consume or that has not been slaughtered in accordance with Hukum Syarak;</i></p> <p><i>(b) does not contain anything which is impure according to Hukum Syarak;</i></p>	<p>Complied.</p> <p>Our Group distributes Frozen and Chilled Products, and Ambient F&B Products which have been certified by the Department of Islamic Development Malaysia (JAKIM). In the case of foreign food products, the certification is obtained from the regulatory body responsible for halal certification in the respective country.</p> <p>Full details of the certificates of authentication halal are set out in No. 9 to 20 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>(c) does not intoxicate according to Hukum Syarak; (d) does not contain any part of a human being or its yield which are not allowed by Hukum Syarak; (e) is not poisonous or hazardous to health; (f) has not been prepared, processed or manufactured using any instrument that is contaminated with impure according to Hukum Syarak; (g) has not in the course of preparation, processing or storing been in contact with, mixed, or in close proximity to any food that fails to satisfy paragraphs (a) and (b).</p> <p>(3) Any person who supplies or offers to supply any food, goods or services in relation to the food or goods which are described as halal or are described in any other expression which is contravention of this paragraph commits an offence.”</p> <p>Paragraph 4(1) provides: “Any person who supplies or offers to supply any food through any representation or act which is likely to mislead or confuse any person that the food is halal or can be consumed by a Muslim commits an offence.”</p> <p>Paragraph 5 provides: “Any person who is guilty of an offence under this Order shall, on conviction, be liable – (a) if such person is a body corporate, to a fine not exceeding RM5,000,000 and for a second or subsequent offence, to a fine not exceeding RM10,000,000; or (b) if such person is not a body corporate, 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 RM5,000,000 or to imprisonment for a term not exceeding 5 years or both.”</p>	

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>Under the Trade Descriptions (Certification and Marking of Halal) Order 2011 –</p> <p>Paragraph 3 provides: <i>“The Department of Islamic Development Malaysia (JAKIM) and the Islamic Religious Council in the respective States shall be the competent authorities to certify that any food, goods or services in relation to the food or goods is halal in accordance with Trade Descriptions (Definition of Halal) Order 2011.”</i></p> <p>Paragraph 4(1) provides: <i>“All food and goods shall not be described as halal or be described in other manner to indicate that the food or goods can be consumed or used by a Muslim unless it is:</i> <i>(a) certified as halal by the competent authority; and</i> <i>(b) marked with the logo as specified in First Schedule.”</i></p> <p>Paragraph 5 provides: <i>“(1) All imported food and goods marketed in Malaysia shall not be described as halal unless the imported food and goods comply with the requirements in paragraph (4) or certified as halal by the foreign halal certification body recognized by JAKIM as specified in the Second Schedule.</i> <i>(2) The importer or manufacturer of the food and goods which have been certified as halal by the foreign halal certification body recognized by JAKIM as referred in paragraph (1) shall mark on the said food and goods, the name of the said certification body.”</i></p> <p>Second Schedule sets out a list of recognized foreign halal certification body in various countries around the world such as –</p> <ul style="list-style-type: none"> - in Australia, the recognized foreign halal certification body includes the Islamic Coordinating Council of Victoria, Supreme Islamic Council of Halal Meat in Australia Inc. (SICHMA), Australian Halal Authority & Advisers and The Perth Mosque of Western Australia Incorporated; 	

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<ul style="list-style-type: none"> - in New Zealand, such body includes the Federation of Islamic Associations of New Zealand; - in India, such body includes the Halal Committee-Jamiat-Ulama-E-Maharashtra and Jamiat Ulama-1-Hind Halal Trust; and - in Germany, such body includes HALAL CONTROL e.K. (EU). <p>Paragraph 8 provides: <i>"Any person who –</i> <i>(a) certifies that any food, goods or services in relation to the food or goods is halal; or</i> <i>(b) supplies or offers to supply any food, goods or services in relation to the food or goods,</i> <i>in contravention of this Order, commits an offence and shall, on conviction, be liable –</i> <i>(a) if the person is a body corporate, to a fine not exceeding RM250,000 and for a second or subsequent offence, to a fine not exceeding RM500,000.00"</i></p> <p>In addition to the above provisions, Section 16 of the Food Act 1983: <i>"Any person who prepares, packages, labels or sells any food in a manner that is false, misleading or deceptive as regards its character, nature, value, substance, quality, composition, merit or safety, strength, purity, weight, origin, age or proportion or in contravention of any regulation made under this Act commits an offence and is liable on conviction to imprisonment for a term not exceeding 3 years or to fine or to both."</i></p>	
7.	Sale of Drugs Act 1952 of Malaysia, and Control of Drugs and Cosmetic Regulations 1984 made pursuant thereto	<p>The relevant laws governing the sale of cosmetics are as follows:</p> <p>Regulation 2 defines "cosmetic" as – <i>"Any substance or preparation intended to be placed in contact with the various external parts of the human body (including epidermis, hair system, nails, lips and external genital organs) or with the teeth and the mucuos membranes of the oral cavity with a view exclusively or mainly to cleaning</i></p>	<p>Complied.</p> <p>Our subsidiary, Supreme Trading which is involved in the distribution of Non-F&B Products such as toothpaste and mouthwash, which fall within the definition of "cosmetic" under the said Regulations, has notified the Director of Pharmaceutical Services of the sale of such products which are considered as "cosmetic", and notification notes have been issued to</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>them, perfuming them, changing their appearance or correcting body odours, protecting them or keeping them in good condition</i></p> <p>Regulation 18A(1)(a) and (b) provides: <i>"No person shall manufacture, sell, supply, import, possesses or administer any cosmetic: (a) unless the cosmetic is a notified cosmetic; (b) unless he is the person responsible for placing the notified cosmetic in the market or a person authorised in accordance with the notification note which is issued by the Director of Pharmaceutical Services"</i></p> <p>Regulation 18A(5) provides: <i>"Any person responsible for placing the notified cosmetic in the market may apply for the issuance of notification note in such manner as determined by the Director of Pharmaceutical Services and shall be accompanied with a processing fee as it may require."</i></p> <p>Regulation 18A(7) provides: <i>"The Director of Pharmaceutical Services may issue a notification note to the person responsible for placing the notified cosmetic in the market, subject to such conditions as he may impose."</i></p> <p>Section 12(2) of Sale of Drugs Act 1952 provides the general penalty: <i>"Any body corporate who commits an offence against this Act or any regulation made under this Act for which no penalty is expressly provided shall be liable on conviction to a fine not exceeding RM50,000.00, and for a second or subsequent offence it shall be liable on conviction to a fine not exceeding RM100,000.00"</i></p>	<p>authorize Supreme Trading to sell cosmetics, such as toothpaste and mouthwash.</p> <p>Full details of the notification notes are as set out in No. 27 to 36 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
8.	Control of Supply Act 1961 of Malaysia, and Control of Supplies Regulation 1974 made pursuant thereto	<p>The laws governing the purchasing and storing of scheduled controlled goods license such as sugar, are as follows:</p> <p>Under the Control of Supply Act 1961 –</p> <p>Section 2 of provides: “controlled article” means any article or food which has been declared to be a controlled article by an order under section 5, and includes a rationed article;</p> <p>Section 7(1) and (2) provide: “(1) <i>The Controller may, subject to this Act or any regulations made thereunder and to such conditions as he may think fit, by written licence authorize any person to sell wholesale or retail any controlled article in any premises or at a place or places specified in the licence.</i> (2) <i>The Controller may issue or renew licences to deal in controlled articles.</i>”</p> <p>Section 22(2) provides: “<i>Any body corporate which commits an offence against this Act shall, on conviction, be liable to a fine not exceeding two million ringgit and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.</i>”</p> <p>Under the Control of Supplies Regulations 1974 –</p> <p>Regulation 1 defines “scheduled article” as “<i>any article which is a controlled article as defined in section 2 of the Control of Supplies Act 1961; and which is specified in Part I of the Schedule.</i>”</p> <p>Sugar is listed as a scheduled article under Part I of the Schedule.</p> <p>Regulation 1 defines “manufacture” as “<i>any art, manner, process or act whatsoever described in Part II of the Schedule, regardless whether or not the same involves the use of any machinery or mechanically transmitted power.</i>”</p>	<p>Complied.</p> <p>Our subsidiary, SFS, is involved in manufacturing cordials and in line with its manufacturing process, SFS purchases and stores sugar, which constitutes a scheduled article under the said Regulations.</p> <p>SFS has obtained a scheduled controlled goods license, which allows SFS to purchase and store unsubsidized sugar in the quantity specified in the license.</p> <p>Full details of this licence are set out in No. 48 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>Regulation 3 provides:</p> <p>“(1) 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.</p> <p>(2) Where a person has more than one place of business he shall take out a separate licence in respect of each place of business.</p> <p>(3) For the purpose of this Regulation, “place of business” means the place where the scheduled article is manufactured, or the place where it is sold by wholesale, or the place where it is sold by retail, as the case may be.”</p> <p>Regulation 21 provides:</p> <p>“(1) Any person who contravenes or fails to comply with, any provision of these Regulations, or any direction given under these Regulations, or the terms and conditions of any licence, written authority or permit granted, issued or renewed under these Regulations, shall be guilty of an offence.</p> <p>(2) Where a person has been charged for an offence against regulation 3(1) or 6(1), the renewal of the licence after the commission of such offence shall not constitute a valid defence.”</p>	
9.	Lembaga Kemajuan Ikan Malaysia Act 1971, and the Fish Marketing Regulations 2010 made pursuant thereto	<p>The governing laws on the importation and exportation of fish are as follows:</p> <p>Regulation 5 provides –</p> <p>“(1) No person shall import or export any fish without licence.</p> <p>(2) Any fish to be exported or imported shall pass through a legal entry or exit.</p> <p>(3) The Malaysian Fisheries Development Authority (Lembaga Kemajuan Ikan Malaysia) may specify the quality, quantity and type of fish to be exported or imported.</p> <p>(4) Any person who exports or imports any fish shall comply with the importing country requirements.</p>	<p>Complied.</p> <p>Our subsidiary, SCS which is involved in importing frozen fish, has obtained licence to import and export frozen fish from the Department of Fisheries Malaysia. The said licence is renewable annually.</p> <p>Full details of this licence are set out in No. 26 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>(5) <i>Any person who exports or imports any fish without a licence or in breach of any terms and conditions in the licence issued by the Malaysian Fisheries Development Authority (Lembaga Kemajuan Ikan Malaysia) shall be guilty of an offence under the Act.</i></p> <p>Section 17(2) and (3) of Lembaga Kemajuan Ikan Malaysia Act 1971 provide –</p> <p>(1) <i>“Any body corporate which commits an offence under, or fails to comply with, any of the provisions of this Act or of any rule made thereunder shall be liable on conviction to a fine not exceeding RM25,000 and, for a second or subsequent offence, to a fine not exceeding RM50,000.</i></p> <p>(2) <i>Where a person charged with an offence under any of the provisions of this Act or of any rule made thereunder is a body corporate every person who, at the time of the commission of such offence is a director or officer of such body corporate may be charged jointly in the same proceedings with such body corporate, and where the body corporate is convicted of the offence charged, every such director or officer shall be deemed to be guilty of that offence unless he proves that the offence was committed without his knowledge or that he took reasonable precautions to prevent its commission.”</i></p>	
10.	Protection of Public Health Ordinance 1999 of Sarawak	<p>The governing laws on the licensing of premises as a food premises are as follows:</p> <p>Section 21 provides –</p> <p>“(1) <i>No person shall operate or use or permit any premises to be used as a food premises without first obtaining a licence from a local authority.</i></p> <p>(2) <i>Any person who contravenes subsection (1) shall be guilty of an offence: Penalty, a fine not exceeding RM10,000.00 or imprisonment not exceeding 2 years or both such fine and imprisonment.</i></p> <p>(3) <i>Where an offence under subsection (2) has been committed, a local authority may, by Order addressed to the offender, require the premises or any part thereof where the offence took place, shall no longer be</i></p>	<p>Complied.</p> <p>Our subsidiary, SCS, has obtained licence from the State Veterinary Authority of Sarawak for the operation of meat processing factory at the building premises situated at Lot 919 Block 7, Muara Tebas Land District.</p> <p>Full details of this licence are set out in No. 21 of Section 7.21.1 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>operated or used as a food premises as from the date stipulated in the Order.</i></p> <p><i>(4) If any person fails to comply with the Order under subsection (3), the local authority may take such steps or measures as are necessary to ensure that the Order is complied with and shall be entitled to recover from that person the costs and expenses incurred."</i></p>	
11.	The Veterinary Public Health Ordinance 1999 of Sarawak	<p>The governing laws on importation of animal, fish, animal or fish products are as follows:</p> <p>Section 9 provides –</p> <p><i>"(1) No person shall import any animal, fish, animal or fish products except in accordance with the terms and conditions of a licence issued under this Ordinance.</i></p> <p><i>(2) A licence to import any animal, fish, animal or fish products under this Ordinance may be obtained by application made in writing to the State Veterinary Authority or any officer authorized by it, subject to such terms and conditions as may be imposed.</i></p> <p><i>(3) Any person who contravenes subsection (1) shall be guilty of an offence: Penalty, a fine not exceeding RM50,000 or imprisonment not exceeding two years or both such fine and imprisonment."</i></p>	<p>Complied. ⁽¹⁾</p> <p>Our subsidiaries, SCS and SFS, obtain permits to import for importation of Frozen and Chilled Food Products such as buffalo meat, lamb, mutton, chicken, fresh milk, and cheese. Every type of Frozen and Chilled food Products that are imported are accompanied with valid permits to import prior to the arrival of such products at the landing port or entry into Sarawak, namely, Port Senari, Kuching, Sarawak.</p> <p>Full details of such permits to import are set out in No. 26 of Section 7.21.1 of this Prospectus.</p> <p>In addition, SCS has obtained meat quota approval for importation of frozen Indian buffalo meat from the approved plant of APEDA 23 and APEDA 71, for the period of 2024.</p> <p>Full details of this meat quota approval are set out in No. 25 of Section 7.21.1 of this Prospectus.</p> <p>Note:</p> <p><i>(1) There were instances of past non-compliances, which have since been resolved. Please refer to the full details set out in Section 7.24 of this Prospectus.</i></p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
12.	Commercial Vehicles Licensing Board Act 1987 of Malaysia	<p>The governing laws on licensing of goods vehicle are as follows:</p> <p>Section 2 defines “<i>authorised vehicle in relation any licence issued under this Act, means a vehicle specified in such licence and authorised to be used thereunder.</i>”</p> <p>Section 14(2)(a) provides – “<i>Goods vehicles shall be divided into and licensed under the following classes (i) carrier’s licence “A”; and (ii) carrier’s licence “B.”</i>”</p> <p>Section 14(3) provides – “<i>A carrier’s licence “A” shall entitle the holder thereof to use the authorised vehicle for the carriage of goods for hire or reward for or in connection with any trade or business carried on by him as a carrier of goods.</i>”</p> <p>Section 34(1) provides – “<i>Subject to this Act, no person shall use a goods vehicle or cause or permit a goods vehicle to be used for the carriage of goods unless there is in force a carrier’s licence granted under this Act authorizing such use, or otherwise than in accordance with such licence and any conditions attached thereto, and if he does so he shall be guilty of an offence and shall on conviction be liable to a fine of not less than one thousand ringgit but not more than RM10,000.00 or to imprisonment for a term not exceeding 1 year or to both.</i>”</p>	<p>Complied.</p> <p>SCS, SFS and BFL have obtained carrier licences “A” for their vehicles which fit the criteria of vehicles requiring carrier licences “A”.</p> <p>Full details of such carrier licences “A” are set out in No. 42 to No. 47 of Section 7.21.1 of this Prospectus.</p>
13.	Fire Services Act 1988 of Malaysia	<p>The governing laws governing the protection of persons and property from fire risks and emergencies are as follows:</p> <p>Section 8(1) provides – “<i>The Director General, if satisfied of the existence in any premises or any fire-hazard, may serve –</i> (a) <i>on the person by reason of whose act, default, or sufferance the fire-hazard arose or continues, if he is the occupier of the premises at the time the notice is to be served; or</i></p>	<p>Complied, save for the presence of fire-hazards all located at the building premises situated on Lot 919, namely:</p> <ul style="list-style-type: none"> (i) faulty isolator switch at Block B; (ii) faulty fire curtain at the generator set room located at Block A; (iii) faulty emergency exit sign at the ground floor of Block A; (iv) regular door at the staircase exit located on the ground floor of Block A, which is to be replaced with a fire door;

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>(b) if by the person by reason of whose act, default, or sufferance the fire-hazard arose or continues is not the occupier of the premises at the time the notice is to be served or is not known, on the owner of the premises; or</p> <p>(c) if the owner of the premises cannot readily be ascertained or found or is absent from Malaysia, on the occupier of the premises, regardless of whether he is the person by reason of whose act, default, or sufferance the fire-hazard arose or continues,</p> <p>a fire-hazard abatement notices in Form A in the First Schedule, requiring him to abate the fire-hazard within the period specified in the notice, and to do all such things as may be necessary for that purpose; and the notice may, if the Director General thinks fit, specify any work to be executed for that purpose.”</p> <p>Section 10 provides – “Any person who fails to comply with any requirement of a fire-hazard abatement notice served on him pursuant to section 8 within the time specified in the notice, whether or not an order under section 13 has been made in respect of him, shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM5,000 or to imprisonment for a term not exceeding 3 years or to both and shall also be liable to a further fine of RM100 for each day during which the offence is continued after the conviction.”</p>	<p>(v) regular door at the first floor exit of Block A, which is to be replaced with a fire door; and</p> <p>(vi) storing or placing of items on the exit staircase at the ground floor.</p> <p>All 6 fire-hazards had since been rectified by SCS.</p> <p>Full details as set out in Section 7.24 of this Prospectus.</p>
14.	Income Tax Act 1967 of Malaysia (“ ITA 1967 ”), And Income Tax (Deduction from Remuneration) Rules 1994 (“ ITR 1994 ”) made pursuant thereto	<p>The laws governing monthly tax deductions from remuneration of employees by employers are as follows:</p> <p>The relevant provisions of Section 107C(10) provide –</p> <p>“(1) Every company, trust body or co-operative society shall for each year of assessment furnish to the Director General an estimate of its tax payable.</p> <p>(2) Except as provided in paragraph (4)(a), the estimate of tax payable for a year of assessment shall be made in the prescribed form and furnished to the Director General not later than 30 days before the beginning of the basis period for that year of assessment.</p>	<p>Complied. ⁽¹⁾</p> <p>Note:</p> <p>(1) There were instances of past non-compliances, which have since been resolved. Please refer to the full details set out in Section 7.24 of this Prospectus.</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>(3) <i>The estimate of tax payable for a year of assessment shall not be less than 85% of the revised estimate of tax payable for the immediately preceding year of assessment or if no revised estimate is furnished, shall not be less than 85% of the estimate of tax payable for the immediately preceding year of assessment.</i></p> <p>(10) <i>Where the tax payable under an assessment for a year of assessment exceeds the revised estimate of tax payable for that year of assessment or if no revised estimate is furnished, the estimate of tax payable for that year of assessment, by an amount of more than 30% of the tax payable under the assessment, then, without any further notice being served, the difference between that amount and 30% of the tax payable under the assessment shall be increased by a sum equal to 10% of the amount of that difference, and that sum shall be recoverable as if it were tax due and payable under this Act."</i></p> <p>Rule 3 provides – <i>"Every employer shall deduct in each month or the relevant month the monthly deduction in accordance with the Schedule in respect of income on account of tax from the remuneration of each of his employees, unless the Director General directs otherwise in writing."</i></p> <p>Rule 4 provides – <i>"Notwithstanding rule 3, the Director General may issue a direction to any employer requiring him to deduct from the remuneration of any employee chargeable to tax such sums in respect thereof as he may specify, and the employer shall on receipt of the direction make the deduction specified."</i></p> <p>Rule 10(1) provides – <i>"Every employer shall pay to the Director General, not later than the 15th day of every calendar month, the total amount of tax deducted or that should have been deducted by him from the remuneration of employees during the preceding calendar month, and shall render to the Director General a return setting out the names, identity card numbers or if none,</i></p>	

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>passport numbers, and tax references numbers of those employees from whose remuneration he has or should have made deductions under rule 3 or rule 4.</i></p> <p>Rule 17 provides – <i>“Any person, who without reasonable excuse, fails to comply with subrule 10(1) or rule 13 shall be guilty of an offence and shall on conviction, be liable to a fine not less than two hundred ringgit and not more than twenty thousand ringgit or to imprisonment for a term not exceeding six months or to both.”</i></p>	

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7. BUSINESS OVERVIEW (CONT'D)

7.21 MAJOR APPROVALS, LICENCES AND PERMITS

As at the LPD, our Group has obtained all the relevant approvals, certifications, licences and permits required for our business and operations.

7.21.1 Trading licences, business licences and Halal certificates

As at the LPD, our Group has obtained the following licences and certificates in relation to the operation of our business:

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
1.	SCRB / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCRB for investment holding	16.06.2023 / 07.07.2024	<p>If any installment payment that is due is not paid:</p> <p>(a) on the 16th day of the following month, an additional payment equal to the installment payment will be imposed.</p> <p>(b) at the end of the next month, an additional payment twice the amount of the installment payment will be imposed.</p> <p>If an offense under Section 3 of this Ordinance is committed as a result of the installment payment not being paid within one month from the end date of the payment period, the Collector may, with the consent of the former Licensee, compound it with a payment not exceeding one hundred ringgit.</p>	Complied
2.	SCS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCS for distributor of import frozen foods	11.04.2023 / 30.04.2024	Same conditions as stated in item No. 1 above.	Complied
3.	SCS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCS for cold storage	26.07.2023 / 11.07.2024	Same conditions as stated in item No. 1 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
4.	SFS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SFS for import and export, wholesale, process and resell, provide storage, distributor of daily products, foodstuff, beverages, products of all kind in commodities and cold storage products	11.04.2023 / 25.04.2024	Same conditions as stated in item No. 1 above.	
5.	SFS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SFS for transportation	16.06.2023 / 09.07.2024	Same conditions as stated in item No. 1 above.	Complied
6.	Supreme Trading / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to Supreme Trading for wholesale of cleaning material	20.07.2023 / 07.08.2024	Same conditions as stated in item No. 1 above.	Complied
7.	STSB / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to STSB for logistics and transportation of goods	06.09.2023 / 19.09.2024	Same conditions as stated in item No. 1 above.	Complied
8.	BFL / Collector of Business Licence (Pemungut Lesen Perdagangan, Mlri, Sarawak)	Trading licence issued to BFL for cold storage	31.07.2023 / 17.08.2024	Same conditions as stated in item No. 1 above.	Complied
9.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication Halal Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 099-09/2014 Series no. A200824	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. SCS is required to comply with all the standards required throughout the tenure of the certificate, failing which, the certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		<p>Certification that:-</p> <ol style="list-style-type: none"> 1. Beef Blade/Clod Sliced/Cube/Shabu-Shabu 2. Beef Brisket Sliced/Cube/Shabu-Shabu 3. Beef Cheek Sliced/Cube/Shabu-Shabu 4. Beef Chuck Tender Sliced/Cube/Shabu-Shabu 5. Beef Chump/Rump Sliced/Cube/Shabu-Shabu 6. Beef Femur/Bone Marrow Sliced/Cube/Shabu-Shabu 7. Beef Inside/Topside Sliced/Cube/Shabu Shabu 8. Beef Inside/Topside Sliced/Cube/Shabu Shabu 9. Beef Knuckle Sliced/Cube/Shabu Shabu 10. Beef Liver Sliced/Cube/Shabu-Shabu 			
		<p>manufactured/distributed/managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>			

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
10.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM: 700-2/3/1 099-09/2014 Series no. A200825 Certification that:- 11. Beef Lung Sliced/Cube/Shabu Shabu 12. Beef neck bone sliced/cube/shabu shabu 13. Beef Rib Eye/Cube Roll Sliced/Cube/Shabu-Shabu 14. Beef Ribs Sliced/Cube/Shabu/Shabu 15. Beef shin/shank sliced/cube/shabu shabu 16. Beef shortloin sliced/cube/shabu-shabu 17. Beef shortrib sliced/cube/shabu-shabu 18. Beef striploin sliced/cube/shabu shabu 19. Beef tail sliced/cube/shabu-shabu 20. Beef tenderloin sliced/cube/shabu shabu	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		manufactured/distributed/managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak			
11.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL</p> <p>Standard No. MS 1500:2019</p> <p>Reference No. JAKIM: 700-2/3/1 099-09/2014</p> <p>Series no. A200826</p> <p>Certification that:-</p> <p>21. Beef tripe sliced/cube/shabu shabu</p> <p>22. Boneless beef blade/clod sliced/cube/shabu shabu</p> <p>23. Boneless beef brisket sliced/cube/shabu shabu</p> <p>24. Boneless beef chuck tender sliced/cube/shabu shabu</p> <p>25. Boneless beef chump/rump sliced/cube/shabu shabu</p> <p>26. Boneless beef inside/topside sliced/cube/shabu shabu</p>	01.07.2023 / 30.06.2025	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		27. Boneless beef knuckle sliced/cube/ shabu shabu 28. Boneless beef outside flat sliced/cube/shau shabu 29. Boneless beef rib eye/cube roll sliced/cube/shabu shabu 30. Boneless beef striploin sliced/cube/shabu shabu manufactured/distributed/managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
12.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM: 700-2/3/1 099-09/2014 Series no. A200827 Certification that:- 31. Boneless beef tenderloin sliced / cube / shabu-shabu 32. Boneless lamb chump / rump sliced / cube / shabu-shabu 33. Boneless lamb leg sliced / cube / shabu-shabu	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		34. Boneless lamb shoulder sliced / cube / shabu-shabu 35. Boneless mutton leg sliced / cube / shabu-shabu 36. Buffalo blade sliced / cube / shabu-shabu 37. Buffalo chuck tender sliced / cube / shabu-shabu 38. Buffalo FQ rolls 39. Buffalo F! sliced 40. Buffalo hock tendon sliced / cube / shabu-shabu manufactured/distributed/managed by Supreme Cold Storage Sdn Bhd has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
13.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM: 700-2/3/1 099-09/2014 Series no. A200828 Certification that:- 41. Boneless Rumpsteak sliced/cube/shabu shabu	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		42. Buffalo silverside sliced/cube/shabu			
		43. Buffalo striploin sliced/cube/shabu			
		44. Buffalo Tenderloin Sliced/Cube/shabu			
		45. Buffalo thickflank/knuckles sliced/cube/shabu			
		46. Buffalo topside sliced/cube/shabu			
		47. Fish Kembong			
		48. Fish Pangasius Fillet			
		49. Fish Sardine			
		50. Lamb Chump/Rump Sliced/Cube/Shabu			
		Shabu			
		manufactured/distributed/managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
14.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 099-09/2014 Series no. 200829	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied
		Certification that:-			

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		51. Lamb Foreshank Sliced/Cube/Shabu Shabu 52. Lamb Leg Sliced/Cube/Shabu-Shabu 53. Lamb Rack Sliced/Cube/Shabu-Shabu 54. Lamb Short Loin Sliced/Cube/Shabu-Shabu 55. Lamb Shoulder Sliced/Cube/Shabu-Shabu 56. Minced Beef 57. Minced Buffalo 58. Minced Chicken 59. Minced Lamb 60. Minced Mutton			
		manufactured/distributed/managed by SCS Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
15.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 099-09/2014 Series no. A200830 Certification that:- 61. Mutton Foreshank Sliced/Cube/Shabu Shabu	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		62. Mutton Hind Shank Sliced/Cube/Shabu Shabu 63. Mutton Shoulder Sliced/Cube/Shabu Shabu 64. Premium Minced Beef manufactured/distributed/managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
16.	SFS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 085-10/2020 Series no. A207539 Certification that:- 1. Blackcurrant Cordial 2. Lime Concentrate 3. Lychee Cordial 4. Mango Concentrate 5. Mango Cordial 6. Orange Cordian 7. Sarsi Cordial 8. Strawberry Cordial manufactured/distributed/managed by SFS has complied with Islamic Law and Malaysian Halal Standard and approved by	16.10.2023 / 15.10.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		Halal Certification Panel of Majlis Islam Sarawak.			
17.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185444</p> <p>Certification that:-</p> <ol style="list-style-type: none"> 1. Beef Brisket 2. Beef Neck Bone 3. Beef Striploin 4. Blade 5. Boneless Lamb Leg 6. Boneless Lamb Rump 7. Boneless Mutton Leg 8. Chilled Beef PS Tomahawk 9. Chilled Beef Ribeye 10. Chilled Beef Striploin <p>manufactured/distributed/managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>	01.10.2022 / 30.09.2024	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied
18.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185445</p>	01.10.2022 / 30.09.2024	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		<p>Certification that:- 11. Chilled Beef Tenderloin 12. Chuck Tender 13. Forequarter Roll 14. FQ Sliced 15. Knuckle 16. Lamb Leg 17. Lamb Rack 18. Lamb Shoulder 19. Mutton Shank 20. Mutton Shoulder</p> <p>manufactured/distributed/managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>			
19.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185446</p> <p>Certification that:- 21. Ribeye 22. Rump 23. Short Rib PS 24. Tenderloin 25. Topside 26. Trimming</p> <p>manufactured/distributed/managed by BFL has complied with Islamic Law and Malaysian Halal</p>	01.10.2022 / 30.09.2024	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.			
20.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A166236</p> <p>Certification that the logistic manufactured/distributed/managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>	01.01.2024 / 31.12.2024	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>The Company is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied
21.	SCS / State Veterinary Authority Sarawak	Licence issued pursuant to the Veterinary Public Health Ordinance, 1999 issued for the operation of meat processing factory situated at Lot 919 Block 7 Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050, Kuching.	06.12.2023 / 31.12.2024	<p>It is hereby certified that SCS is licensed to operate a meat processing factory situated at Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching subject to the following conditions: -</p> <ul style="list-style-type: none"> (i) Direct discharge of factory waste and untreated effluent into rivers, streams, lakes or area outside the premise are totally prohibited. (ii) No animals such as dogs and cats are allowed in the processing area. Rodents and birds should be kept under control. (iii) There should be adequate refrigeration facilities for storing of meat and meat product at a stipulated temperature. (iv) All equipments used in the preparation of the products must be clean at all time and sanitized in accordance with the 	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				STANDARD SANITARY OPERATION PROCEDURE. (v) The factory should be operated and managed in accordance with the provision of the Veterinary Public Health Ordinance, 1999.	
22.	SCS / Ministry of Health Malaysia	MeSTI Certificate issued by Ministry of Health Malaysia hereby certifying that SCS has fulfilled the terms and conditions for certification of MeSTI. (Makanan Selamat Tanggungjawab Industri)	12.07.2021 /11.07.2024	1. The MeSTI Certificate and Logo shall not be transferred nor shall its content be altered. 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, Ministry of Health Malaysia for further action. Certification will be automatically void should the factory or premise ceased operation. 3. The Certificate holder shall be subjected to inspection, monitoring and enforcement activities conducted by the Ministry of Health Malaysia. 4. The Certificate holder is subjected to the laws and regulations that are currently in force in the country 5. The Certificate holder shall be held responsible for any abuse or manipulation of the Certificate. Any loss or damage of the Certificate shall immediately informed in writing to the Senior Director for Food Safety and Quality, Ministry of Health Malaysia 6. The Certificate remains the property of the Ministry of Health Malaysia. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
23.	Lim Ah Ted on behalf of SFS / Ministry of Health Malaysia	Certificate of Registration for Food Premises granted to Lim Ah Ted who is carrying on business under the name of SFS at Lot 1476, Block 12, Jalan Setia Raja, 93350 Kuching, Sarawak	14.04.2023 / 14.04.2026	<p>7. The use of the Logo is only allowed for food product that is being produced in the premise as stated in the Certificate.</p> <p>Certificate of registration is hereby granted to Lim Ah Ted carrying on business under the name of SFS at permanent address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.</p> <p>Nature of Business: P1-Food Premises Involved in Manufacturing of Food</p> <p>Place of Business: SFS, Lot 1476, Block 12, Jalan Setia Raja, 93050 Kuching, Sarawak.</p> <p>Note: This certificate of registration for food premises is non-transferable</p> <p>This notice should be displayed in the food premises.</p>	Complied
24.	Lim Ah Ted on behalf of SCS / Ministry of Health Malaysia	Certificate of Registration for Food Premises granted to Lim Ah Ted who is carrying on business under the name of SCS at Lot 919, Block 7, Muara Tebas Land District Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak	31.07.2023 / 31.07.2026	<p>Certificate of registration is hereby granted to Lim Ah Ted carrying on business under the name of SCS at permanent address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.</p> <p>Nature of Business: P1-Food Premises Involved in Manufacturing of Food</p> <p>Food premises involved in manufacturing food.</p> <p>Place of Business: Supreme Cold Storage Sdn Bhd, Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.</p> <p>Note: This certificate of registration for food premises is non-transferable</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status										
25.	SCS / Department of Veterinary Services Sarawak	Importation of frozen Indian buffalo meat from APEDA 23 and APEDA 71 for the year 2024	05.12.2023 / 31.12.2024	This notice should be displayed in the food premises. The approval committee for Indian Buffalo Meat Importation has agreed to renew the quota to import frozen Indian buffalo meat as below:	Complied										
				<table border="1"> <thead> <tr> <th data-bbox="1258 480 1442 536">2024 Quota</th> <th data-bbox="1442 480 1592 536">Approved Plant</th> <th data-bbox="1592 480 1794 536">Quota Due Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1258 536 1442 592">188 per year</td> <td data-bbox="1442 536 1592 592">APEDA 23⁽¹⁾</td> <td data-bbox="1592 536 1794 592">31 December 2024</td> </tr> <tr> <td data-bbox="1258 592 1442 651">4 per year</td> <td data-bbox="1442 592 1592 651">APEDA 71⁽¹⁾</td> <td data-bbox="1592 592 1794 651">31 December 2024</td> </tr> </tbody> </table>	2024 Quota	Approved Plant	Quota Due Date	188 per year	APEDA 23 ⁽¹⁾	31 December 2024	4 per year	APEDA 71 ⁽¹⁾	31 December 2024		
2024 Quota	Approved Plant	Quota Due Date													
188 per year	APEDA 23 ⁽¹⁾	31 December 2024													
4 per year	APEDA 71 ⁽¹⁾	31 December 2024													
				<p>However, the Sarawak Veterinary Authority reserves the right to</p> <ol style="list-style-type: none"> terminate; or impose restrictions in the event of an outbreak or disease; or impose restrictions upon expiry of the validity of the establishment; or breach of import conditions, without prior notification. <p>The Sarawak Veterinary Authority reserves the right to reduce the quota if the amount imported is less than the approved quantity. SCS is to apply for renewal 3 months before expiry date.</p>											
26.	SCS / Malaysian Fisheries Development Authority (Lembaga Kemajuan Ikan Malaysia)	This license is issued to SCS for importing and exporting frozen and fresh food through any entry point which has been gazetted.	24.03.2023 / 31.03.2024 *	<p>1. The license holder shall:-</p> <ol style="list-style-type: none"> Comply with the quality, quantity, and types of fish intended for import and export. Adhere to good fish handling practices as outlined in Schedule, Rules 8 and 9 under the Fish Marketing Regulations 2010. Comply with fish selling methods at LKIM complexes and wholesale markets designated by the Board. 	Complied										
				<p>* Our Company has renewed this license on 21 March 2024, and subsequently obtained the renewed license which has a validity until 31 March 2025.</p>											

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<ul style="list-style-type: none"> iv. Must adhere to any selling and fish processing methods set by the Board. v. Use weighing instruments approved by the Malaysian Fisheries Development Board or the Ministry of Domestic Trade, Cooperatives, and Consumerism. vi. Package fish in containers specified by the Board. vii. Comply with fish grading methods as required by the Board. viii. Provide any required information to the Board orally or in writing. ix. Shall not trade, process, export, or import fish that are not safe for human consumption without written permission from the Board. x. Comply with all reasonable requests and directives from officers of the Board or authorized officers under The Fisheries Development Authority of Malaysia Act 1971. xi. Be responsible for all actions of employees related to authorized activities in the license. xii. Conduct business only in the registered lot. 	
				2. This license is non-transferable or for use by others except the license holder.	
				3. Holders of import and export licenses for live fish are prohibited from importing and exporting live fish without permission from the Malaysian Fisheries Department.	
				4. This license may be revoked if any of the limits and conditions of this license or provisions of The Fisheries Development Authority of Malaysia Act 1971, or any regulations made thereunder, are violated or not complied with,	

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				or if any related offences are committed under any written laws.	
				5. The Board reserves the right to modify or add to the limits and conditions of this license.	
27.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Sensitive Toothpaste 100G, and the abovesaid company will be responsible to be the importer of the cosmetic.	20.10.2022 / 20.10.2024	<p>This is to inform that cosmetic has been notified by:</p> <p>Company Name: Supreme Trading Sdn Bhd</p> <p>Company Address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Kuching, 93050, Sarawak Malaysia</p> <p>The above said company will be responsible to place the cosmetic in the local market.</p> <p>Supreme Trading is authorized to be the importer(s) of the cosmetic.</p> <p>In exercise of the provision under regulation 18A(7), Control of Drugs and Cosmestic Regulations 1984, the Director of Pharmaceutical Services hereby impose the following condition:</p> <p>Any person responsible for placing the notified cosmetic in the market must ensure the notified cosmetic meets all the requirements as stipulated in the provisions under these Regulations.</p>	Complied
28.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Advanced Cavity Protection Toothpaste with HAP 80G, and the abovesaid company will be	31.10.2022 / 31.10.2024	Same conditions as stated in item No. 27 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		responsible to be the importer of the cosmetic.			
29.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Complete 10 Zero Alcohol Mouthwash Cool Mint Flavour 250ml, and the abovesaid company will be responsible to be the importer of the cosmetic.	29.09.2022 - 29.09.2024	Same conditions as stated in item No. 27 above.	Complied
30.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Strawberry 50G, and the abovesaid company will be responsible to be the importer of the cosmetic.	17.10.2022 / 17.10.2024	Same conditions as stated in item No. 27 above.	Complied
31.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Bubble Gum 50G, and the abovesaid company will be responsible to be the importer of the cosmetic.	29.09.2022 / 29.09.2024	Same conditions as stated in item No. 27 above.	Complied
32.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Orange 50G, and the abovesaid company will be responsible	27.09.2022 / 27.09.2024	Same conditions as stated in item No. 27 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		to be the importer of the cosmetic.			
33.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round Protection Toothpaste 200G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2022 / 28.09.2024	Same conditions as stated in item No. 27 above.	Complied
34.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round Protection Toothpaste 160G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2022 / 28.09.2024	Same conditions as stated in item No. 27 above.	Complied
35.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor Cooling Fresh Gel Toothpaste 150G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2022 – 28.09.2024	Same conditions as stated in item No. 27 above.	Complied
36.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round Protection Toothpaste 100G, and the abovesaid company will be responsible	28.09.2022 / 28.09.2024	Same conditions as stated in item No. 27 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		to be the importer of the cosmetic.			
37.	SCS / Kuching North City Hall (Dewan Bandaraya Kuching Utara)	Licence for:- <ul style="list-style-type: none"> • conduct the following business by SCS: <ul style="list-style-type: none"> - Sale of meat; - Cold storage • for displaying of business name signboard, ⁽²⁾ At Lot 842, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejinkat 93050 Kuching, Sarawak	01.01.2024 / 31.12.2024	This licence is renewable annually and it must be displayed in the premise.	Complied
38.	SCS/Kuching North City Hall (Dewan Bandaraya Kuching Utara)	Licence to conduct the following business by SCS: <ul style="list-style-type: none"> - Sale of meat; and - Cold storage, At Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejinkat 93050 Kuching, Sarawak	01.01.2023 / 31.12.2024	This licence is renewable annually and it must be displayed in the premise.	Complied
39.	SFS / Kuching North City Hall (Dewan Bandaraya Kuching Utara)	Licence to operate food and beverages factory and displaying business name signboard at Lot 919, Block 7, Muara Tebas Land District, Demak Laut	01.01.2024 / 31.12.2024	This licence is renewable annually and it must be displayed in the premise.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		Industrial Park, Sejinkat 93050 Kuching, Sarawak			
40.	BFL / Miri City Council	Licence to conduct the following business by BFL: - Operate food premises; - Cold storage, At Lot 1248, Block 5, Kuala Baram, Land District, Jalan Maigold, Senadin Miri	⁽³⁾ / 31.12.2024	This licence is renewable annually and it must be displayed in the premise.	Complied
41.	BFL / Miri City Council	Advertisement Licence ⁽²⁾	01.01.2024 / 31.12.2024	The Council has no objection to the installation of 3 business signboards located at Lot 1248, Block 5, KBLD, Jalan Maigold, Senadin, 98000 Miri. Approval for the signboards is subject to the following conditions: (a) Installation is only allowed at the requested location; (b) The signboards must always be in good and safe condition. The owner is responsible for any accidents to the public resulting from the installation of these signboards; (c) Display of the approval permit number (1 in MCC/ENF-A01(15)/2023) next to the relevant signboard as a record of approval from the Council; (d) Required to pay an advertising fee of RM360.00 for the year 2023 to the Council within fourteen (14) days from the date of this letter. (e) Any changes or additions to your business signboard must be notified to the enforcement authority for a fee change. (f) The Council reserves the right to cancel/withdraw approval if the owner is found to violate any of the above conditions	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<p>or any directives issued by the Council from time to time without any justification;</p> <p>(g) The owner is advised to obtain Public Liability Insurance amounting to RM1,000,000.00 in case of any accidents during the period the advertising signboard is installed.</p> <p>(h) It is also reminded that the Council will only issue the permit/license (Form B) after the owner settles the relevant bills.</p>	
42.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA3032P	27.07.2020 / 28.12.2025	<p>General Terms for Carrier's License:</p> <ol style="list-style-type: none"> 1. The license holder cannot terminate services during the effective period of the license without first obtaining written approval from the Sarawak Commercial Vehicle Licensing Board. 2. The license must be carried in the vehicle at all times and shown to Enforcement Officers when requested. 3. The license holder must ensure that explosive, flammable, hazardous, or foul-smelling goods that may cause environmental pollution are transported in a manner prescribed, and precautionary measures must be taken in handling such goods. If specific methods for transporting these goods are stipulated by certain authorities and approval is required from the relevant authorities, the regulations and approvals for transporting such goods must be obtained before transporting them in the licensed vehicle. 4. Licensed vehicles must comply with all provisions of the laws limiting the use of the vehicle on specified roads as determined by the road authority. If the vehicle needs to use 	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				restricted roads, permission from the road authority for the specific road must be obtained before the licensed vehicle can use those roads.	
				5. If the vehicle is allowed to transport livestock such as pigs, cattle, horses, and other animals besides chickens and ducks, the vehicle must comply with the prescribed design under the Road Transport Act 1987.	
				6. If the vehicle is allowed to transport wet cargo such as fish, the vehicle must be equipped with water-proofing as per the guidelines set by the Road Transport Department. The cargo must be fully covered with tarpaulin or similar materials.	
				7. If the vehicle is allowed to transport stones, soil, sand, construction materials, or loose materials, the cargo must be fully covered with tarpaulin or similar materials.	
				8. This license is issued subject to the Commercial Vehicle Licensing Board Act 1987 and the Road Transport Act 1987 and the regulations made under both Acts, as well as the license conditions, driver's license conditions, additional conditions if imposed on this license, and any other conditions set by the Sarawak Commercial Vehicle Licensing Board from time to time.	
				9. The operational area of the Prime Mover/Tractor and semi-trailer/trailer it pulls must be in the same operational area.	
				10. The Prime Mover/Tractor is allowed to pull any semi-trailer/trailer owned by the same license holder.	

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<p>11. For rigid vehicles, it is allowed to pull any trailer owned by the same license holder.</p> <p>12. The operational area of rigid vehicles and the trailers they pull must be the same.</p> <p>13. The permissible laden weight (BDM) for semi-trailers includes the weight of the Prime Mover/Tractor, semi-trailer, and cargo.</p> <p>14. For articulated vehicles, the laden weight allowed to be pulled by the Prime Mover/Tractor at any time must not exceed the gross combination weight (GCW) of the Prime Mover/Tractor or the laden weight (BDM) of the semi-trailer, whichever is lower, under the Road Transport Act 1987.</p> <p>15. Special Terms for Carrier License A:</p> <ul style="list-style-type: none"> - Vehicles licensed as Driver's License A must operate for hire or reward within the operational area permitted by the Sarawak Commercial Vehicle Licensing Board and cannot refuse to do so without reasonable cause. - For Driver's License A of the 'Timber Jinker' type, it must be used to transport timber logs. - For Driver's License A of the 'Pole Trailer' type, it must be used to transport items that are at least 12 meters long and cannot be divided. - For Driver's License A of the 'Low Loader' type, it must be used to transport machinery. If the vehicle carries other goods besides machinery, approval must be obtained from the Director-General of the Road Transport Department. 	

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
43.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA1993G	13.11.2023 / 08.01.2029	Same conditions as stated in item No. 42 above.	Complied
44.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA6585F	18.05.2023 / 19.09.2028	Same conditions as stated in item No. 42 above.	Complied
45.	SCS / Ministry of Transport Malaysia	Carrier License A for lorry rigid – refrigerated box bearing registration no. QAA6585J	07.03.2024 / 06.03.2029	Same conditions as stated in item No. 42 above.	Complied
46.	SCS / Ministry of Transport Malaysia	Carrier License A for refrigerated truck bearing registration no. QAA6993G	27.05.2020 / 21.11.2025	Same conditions as stated in item No. 42 above.	Complied
47.	SFS / Ministry of Transport Malaysia	Carrier License A for Rigid Lorry – General Cargo bearing registration no. QAA6374V	19.05.2023 / 11.10.2028	Same conditions as stated in item No. 42 above.	Complied
48.	SFS / Ministry of Domestic Trade and Cost of Living	License issued to SFS for retailing and storing scheduled controlled goods, namely, sugar.	21.04.2021 / 20.04.2024	<ol style="list-style-type: none"> 1. The holder of this Permit is subject to the Control of Supplies Act 1961 and its Subsidiary Legislation. 2. The holder of this Permit is authorized to purchase and store scheduled controlled items as specified below: <ul style="list-style-type: none"> - type and description of scheduled controlled items: sugar (non-subsidized) - quantity of stock: 50,000 kg 3. Failure to comply with any conditions contained in this permit may result in actions taken under the Control of Supplies Act 1961 and its Subsidiary Legislation. 	Complied

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) *Indian meat processing plant registered with the Agricultural and Processed Food Products Export Development Authority (APEDA), an authority established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act of India. This plant has been approved by the Department of Veterinary Services Malaysia for the importation of Indian meat into Malaysia.*
- (2) *Our Company and BFL have installed their business name signboards displaying “SUPREME CONSOLIDATED RESOURCES BERHAD” and “BORNEO FOOD LAND COLDSTORAGE SDN BHD” on the facade of the office building erected on Lot 842 and Lot 1248 without obtaining prior licenses from DBKU and the Miri Municipal Council. Subsequently, the licenses for the installation and display of the business name signboards have been obtained from DBKU and the Miri Municipal Council. Please refer to Section 7.24 of this Prospectus for more details.*
- (3) *No specific date imprinted on the licence and it is assumed that the date of issuance is on the first day of 2024. This licence is renewable on an annual basis and the previous licence was expired on 31 December 2023.*

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7. BUSINESS OVERVIEW (CONT'D)

7.21.2 Permits to import

The State Veterinary Authority Sarawak is empowered to regulate the import of veterinary, vaccines, animals, riverine fish and related products with the Veterinary Public Health Ordinance 1999 of Sarawak including the rules and orders made pursuant thereto. Upon arrival of animals, riverine fish and related products, they are inspected by Veterinary Port Health officers at the port of entry before they are allowed landing or release.

In compliance with section 9(1) of the Veterinary Public Health Ordinance 1999 of Sarawak, permits to import from the State Veterinary Authority Sarawak is required for importation of authorised food products into Sarawak ("**Permits to Import**").

Such Permits to Import are only valid for a period of 60 days from the date of issue or deemed to have been revoked after the landing or entry of the authorised food product, whichever is earlier, and in the authorised quantity into Sarawak. Upon the expiry or deemed revocation of any Permits to Import, a new Permit to Import will be required to be obtained from the State Veterinary Authority Sarawak for the importation of the authorised food products into Sarawak. Every shipment of the authorised food products for each consignment requires a valid Permit to Import, and our Group ensures that there is a valid Permit to Import for each shipment.

As at the LPD, our Group has obtained various Permits to Import from the State Veterinary Authority Sarawak for the purpose of our business. Such Permits to Import are issued to our subsidiary, SCS and SFS, for importation of food products from the country of import into the state of Sarawak. The table below sets out the type of food products and the country of import or origin according to the category, based on the Permit to Import issued to SCS or SFS, which are valid and subsisting as at the LPD. This includes but is not limited to the following categories:

Category	Type of food products	Country of import / origin
Frozen Food	Frozen beef neck bones (BP), beef knuckle, beef brisket, beef neck bones, frozen boneless beef "A" chuck tender (IW), frozen beef lung, frozen bone-in mutton foreshank, frozen bone in mutton squarecut shoulder, lamb carcass	Australia
	Frozen french fries (grade "A" crinkle cut), Frozen french fries (grade "A" shoe string), Frozen spicy wedges, frozen strawberries, frozen blueberries, frozen raspberries	Belgium
	Frozen squid ring, frozen clam meat	The People's Republic of China
	Frozen french fries	Germany
	Frozen buffalo blade, frozen buffalo tendon, frozen buffalo FQ sliced, frozen buffalo topside, frozen buffalo thickflank / knuckles, frozen buffalo silverside, frozen buffalo rumpsteak, frozen buffalo tenderloin, frozen buffalo striploin, frozen buffalo chuck tender, frozen buffalo FQ rolls, frozen buffalo trimming	India
Frozen beef liver, boneless beef rib eye roll, frozen boneless beef blade, frozen beef liver, beef tenderloin, lamb chumps,	New Zealand	

7. BUSINESS OVERVIEW (CONT'D)

Category	Type of food products	Country of import / origin
	bone in lamb shoulder, frozen bone in lamb square cut shoulder	
	Mozza stick	United States of America
	Frozen Indian mackerel fish, frozen yellow tail scad fish, frozen pangasius fillet	Vietnam
Chilled Food	Salted butter, whipped butter, cream cheese chubes, cream cheese, full cream milk, UHT full cream milk	Australia
	UHT milk	New Zealand

For importation of frozen and fresh fish, SCS has obtained a valid licence from the Malaysian Fisheries Development Authority (Lembaga Kemajuan Ikan Malaysia) to import frozen and fresh fish through the landing port or entry into Sarawak, namely, Port Senari, Sarawak. The details of this licence are set out in No. 26 of Section 7.21.1 of this Prospectus.

7.21.3 Health and Halal certifications requirement for import of food

The importation of food into Malaysia is governed by the Food Act 1983 and Food Regulations 1985, which prohibits any importation of food which does not comply with the provisions on importation of food.

Apart from Permit to Import (as explained in Section 7.21.2 of this Prospectus), certain foods to be imported will require additional documentation to be accompanied with the consignment when it is imported.

In line with the requirements imposed on 1 January 2005 by the Ministry of Health Malaysia and regulated by its Food Safety and Quality Division, there must be a valid health certificate issued and submitted to the authorised health officer at the entry point once custom declaration is made for importation of meat, edible meat offal, poultry, edible poultry offal, shrimps and prawns into Malaysia from overseas. The food groups that require health certificate under the Malaysia law which are related to the foods which our Group distributes are all types of fresh, chilled or frozen meat of bovine animals including beef, buffalo, lamb, and poultry meat including edible offal and other meat. A valid health certificate certifies, amongst others, that the meat is free from disease and fit for human consumption.

In addition, if the meat was slaughtered in accordance with Islamic rites, a halal slaughtering certificate or its equivalent will certify that the meat is fit for consumption by Muslims in any part of the world. Such slaughtering certificate is only valid for the meat which was slaughtered on the slaughter dates specified in the certificate.

A valid health certificate is also required to be accompanied with the consignment of all Frozen and Chilled Food Products and Ambient F&B Products as described in Section 7.21.3 of this Prospectus, when such food products are imported from the country of import or origin as mentioned in Section 7.21.2 of this Prospectus. Such health certificate is required to be issued by a competent authority of the exporting country certifying that there are no diseases in the country of origin prior to export and that the food is fit for human consumption.

7. BUSINESS OVERVIEW (CONT'D)

A halal certificate will also be obtained from the competent authority of the exporting country, certifying that the process of food production has complied with Islamic rites and therefore these products are halal and can be consumed by Muslims in any part of the world. Alternatively, a halal accreditation certifying that the food exporter is accredited by the Islamic council of the exporting country to process halal products is required.

Each health certificate, halal slaughtering certificate, halal certificate, halal accreditation or its equivalent are issued for a specific consignment. With such certificates, the State Veterinary Authority Sarawak will then issue a Permits to Import (as explained in Section 7.21.2 of this Prospectus) for the corresponding consignment.

As our Group imports Frozen and Chilled Food Products and Ambient F&B Products from Australia, India, Vietnam and New Zealand on consignment basis, we ensure that valid certificate of health and certificate of halal slaughter as well as halal certificate and halal accreditation are obtained from the relevant authorities of the country of export for all our import.

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7. BUSINESS OVERVIEW (CONT'D)

The table below sets out the type of certificates issued to SCS or SFS, as the case may be, by the relevant authorities of the country of export for some of our consignments as at the LPD. This includes but not limited to the following certificates:

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
Chilled Food Products & Ambient F&B					
1.	Australia	Ballantyne Foods Pty Ltd / Halal Certification Authority Australia	Halal certificate	01.01.20223 / 31.12.2025	Not applicable / Golden Churn Brand Whipped Butter / Halal Certification Authority Australia certified Golden Churn Brand Whipped Butter products as halal.
		Ballantyne Foods Pty Ltd / Australia Government Agriculture	Health certificate	24.01.2024 / Not stated	Not applicable / Golden Churn Brand Foil Wrapped Salted Print Butter / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin.
		Ballantyne Foods Pty Ltd / Australia Government Agriculture	Health certificate	24.01.2024 / Not stated	Not applicable / Golden Churn brand foil wrapped salted print butter, foil wrapped salted print butter, portion control whipped butter / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Tatura Milk Industries Pty Ltd / Halal Certification Authority Australia	Halal certificate	01.01.2023 / 31.12.2025	Not applicable / Bega cream cheese chube / Halal Certification Authority Australia certified Bega Cream Cheese Chube as halal.
		Tatura Milk Industries Pty Ltd / Halal Certification Authority Australia	Halal certificate	01.01.2023 / 31.12.2025	Not applicable / Bega cream cheese block / Halal Certification Authority Australia certified Bega cream cheese Block as halal.
		Bega Cheese Limited on behalf of Heng Business Links / Australian Government Agriculture	Health certificate	23.01.2024 / Not stated	Not applicable / Bega cream cheese and Bega cream cheese chubes / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin.
		Bega Cheese Limited / Australian Government Agriculture	Health certificate	23.01.2024 / Not stated	Not applicable / Bega tatura Australian natural cream cheese, Bega lucky frozen cream cheese chubes, Bega lucky frozen cream cheese chubes / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin.
		Pactum Dairy Group Pty Ltd (A division of Noumi Limited) / Halal Certification Authority Australia	Halal certificate	01.01.2023 / 31.12.2025	Not applicable / Australian's Own range of milk products / Certify that the Australia's Own milk products are halal.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Noumi Trading Pty Ltd / Australian Government	Health certificate	29.01.2024 / Not stated	Not applicable / Australia's own full cream milk processed at Pactum Dairy Group Pty Ltd / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin
		Noumi Trading Pty Ltd / Australian Government	Health certificate	29.01.2024 / Not stated	Not applicable / Australia's own full cream milk processed at Pactum Dairy Group Pty Ltd / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin
		Noumi Trading Pty Ltd / Australian Government	Health certificate	08.01.2024 / Not stated	Not applicable / Australia's own full cream milk processed at Pactum Dairy Group Pty Ltd / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Noumi Trading Pty Ltd / Australian Government	Health certificate	30.01.2024 / Not stated	Not applicable / Australia's own full cream milk processed at Pactum Dairy Group Pty Ltd / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin
		Saputo Dairy Australia Pty Ltd / Islamic Co-ordinating Council of Victoria ("ICCV")	Halal certificate	08.06.2023 / 07.06.2024	Not applicable / MG unsalted butter, Liddells UHT full cream UHT milk -domestic, UHT full cream UHT milk – export, UHT low fat UHT milk-domestic, UHT low fat UHT milk – export, UHT skim milk-export, UHT skim milk – domestic, UHT skim milk – export / ICCV certifies that the named company process and package the above products in accordance with the ICCV halal certification scheme.
		Saputo Dairy Australia Pty Ltd / Australian Government Agriculture	Health certificate	2 February 2024 / Not stated	Not applicable / Devondale brand UHT full cream milk processed at Saputo Dairy Australia Pty Ltd / Certify that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and also to certify that the goods are in sound condition, fit for human consumption and of Australian origin

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
2.	New Zealand	Westland Dairy Company Limited / New Zealand Islamic Development Trust ("NZIDT")	Halal Premises Registration certificate	23.03.2022 / 22.03.2025	Not applicable / UHT milk and UHT whipping cream / This is to certify that Westland Dairy Company Limited has been assessed by NZIDT Ltd and determined to comply with the requirements of GSO2055-1:2015 & UAE.S2055-1:2015 for the scope of the following activities: The receipt of raw materials, processing of UHT Milk and UHT whipping cream, packaging, storing and dispatch. 1. UHT Milk 2. UHT Whipping Cream
		Westland Dairy Company Limited / New Zealand Islamic Development Trust ("NZIDT")	Halal Premises Registration certificate	23.03.2022 / 22.03.2025	Not applicable / UHT milk and UHT whipping cream / This is to certify that Westland Dairy Company Limited has been assessed by NZIDT Ltd and determined to comply with the requirements of New Zealand export halal scheme for the manufacture of the following activities: The receipt of raw materials, processing of UHT Milk and UHT whipping cream, packaging, storing and dispatch. 1. UHT Milk 2. UHT Whipping Cream

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Westland Dairy Company Limited / New Zealand Ministry for Primary Industries	Certificate for milk and milk products exported to Malaysia	31.01.2024 / Not stated	<p>Not applicable / UHT whole milk / The conditions, as stated below, apply to the goods described herein at the time of export from New Zealand. I certify that the products:</p> <p>were processed establishments operating in accordance with New Zealand law were derived from animals of New Zealand origin.</p> <p>Foot and mouth disease does not occur in New Zealand.</p>
<u>Frozen Food Products</u>					
1.	Australia	Allegro Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	01.02.2024 / Not stated	<p>Not stated / Frozen beef neck bones / I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurana or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allegro Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	01.02.2024 / Not stated	Not stated / Frozen whole lamb carcass / I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Auhtorithy has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurana or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Wodonga Rendering Pty Ltd / Islamic Coordinating Council of Victoria	Certificate of Slaughter in accordance with Islamic rites	01.02.2024 / Not stated	06.12.2023 – 19.01.2024 / Frozen whole lamb carcass / I hereby certify that the slaughter and production of meat or meat products described herein has been carried out in accordance with the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization, using a knife and according to Islamic rites. The meat of animals slaughtered is Halal and therefore suitable for consumption by Muslims in any part of any world. Adequate precautions have been taken to prevent mixing with non-halal meat.
		Wodonga Rendering Pty Ltd / Islamic Coordinating Council of Victoria	Certificate of Slaughter in accordance with Islamic rites	01.02.2024 / Not stated	12.01.2024 – 18.01.2024 / Frozen whole lamb carcass / I hereby certify that the slaughter and production of meat or meat products described herein has been carried out in accordance with the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization, using a knife and according to Islamic rites. The meat of animals slaughtered is Halal and therefore suitable for consumption by Muslims in any part of any world. Adequate precautions have been taken to prevent mixing with non-halal meat.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Government	Official certificate with respect of meat, meat products and edible offal	22.01.2024 / Not stated	Not stated / Frozen boneless beef A knuckle, frozen boneless beef A point end brisket, and frozen deep neck bones/ I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurana or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd	Certificate of slaughter in accordance with Islamic rites	22.01.2024 / Not stated	05.12.2023 – 18.01.2024 / Frozen boneless beef A knuckle, frozen boneless beef A point end brisket, and frozen deep neck bones / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.
		Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	02.02.2024 / Not stated	Not stated / Frozen beef neck bones/ I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd	Certificate of slaughter in accordance with Islamic rites	02.02.2024 / Not stated	11.01.2024 – 25.01.2024 / Frozen beef neck bones / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.
		Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	08.02.2024 / Not stated	Not stated / Frozen beef neck bones/ I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	08.02.2024 / Not stated	24.01.2024 – 05.02.2024 / Frozen beef neck bones / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Government	Official certificate with respect of meat, meat products and edible offal	31.01.2024 / Not stated	Not stated / Frozen boneless beef A chuck tender and frozen beef lung edible/ I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	31.01.2024 / Not stated	20.12.2023 – 22.01.2024 / Frozen boneless beef A chuck tender and frozen beef lung edible / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.
		Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	31.01.2024 / Not stated	Not stated / Frozen bone in mutton foreshank/ I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	31.01.2024 / Not stated	11.12.2023 – 04.01.2024 / Frozen bone in mutton foreshank / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Ararat Meat Exports / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	06.02.2024 / Not stated	Not stated / Frozen bone in mutton foreshank and frozen bone in mutton square cut shoulder / I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Ararat Meat Exports Pty Ltd / Islamic Co-ordinating Council of Victoria	Certificate of slaughter in accordance with Islamic rites	06.02.2024 / Not stated	17.01.2024 – 31.01.2024 / Frozen bone in mutton foreshank and frozen bone in mutton square cut shoulder / I hereby certify that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorized Halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization , using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect of meat, meat products and edible offal	19.01.2024 / Not stated	Not stated / Frozen bone in mutton shoulder Sq-cut IW / I certify that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export. Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary certifying Authority has no reason to suspect that the above product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and hereby certify that the meat specified above has been examined and found by ante mortem and post mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.
		Midfield Meat International Pty Ltd / Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	19.01.2024 / Not stated	07.12.2023 – 12.01.2024 / Frozen bone in mutton shoulder sq cut IW / meat products described herein has been carried out in accordance with the Australian Government Authorized halal Program and under the supervision of an Approved Islamic Organization and the Islamic Organization certifies that the consignment of meat detailed above from animals slaughtered by Muslim slaughtermen, authorized by the Organization, using a knife and according to Islamic rites. The meat of animals slaughtered is Halal and therefore suitable for consumption by Muslims in any part of the world. Adequate precautions have been take to prevent mixing with non-halal meat.

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
2.	Belgium	Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	16.01.2024 / Not stated	Not applicable / Frozen French fries / Declaring the products mentioned in the certificate that it meets the stated qualitative composition and are fit for human consumption.
		Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	31.01.2024 / Not stated	Not applicable / Frozen French fries (shoestring, spicy potato wedges and crinkle cut) / Declaring the products mentioned in the certificate that it meets the stated qualitative composition and are fit for human consumption.
		Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	23.01.2024 / Not stated	Not applicable / Sunnydale brand of frozen French fries / Declaring the products mentioned in the certificate that it meets the stated qualitative composition and are fit for human consumption.
		Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	08.02.2024 / Not stated	Not applicable / Sunnydale Farms Potato (crinkle cut and HQC shoestring) / Declaring the products mentioned in the certificate that it meets the stated qualitative composition and are fit for human consumption.
3.	The People's Republic of China	Longhai Tongli Food Co. Ltd / Entry-Exit Inspection and Quarantine of the People's Republic of China	Health certificate	19.01.2024 / Not stated	Not applicable / Frozen squid ring / The above-mentioned goods are in conformity with the sanitary requirements and fit for human consumption.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Dandong Jinlin Food Co. Ltd / China Customs	Health certificate	Not stated / Not stated	Not applicable / frozen clam meat / certifies that: (1) The fishery products were from establishment approved by China customs (2) The fishery products were produced and processed under supervision of China Customs (3) The fishery products have been inspected by China customs (4) The fishery products meet veterinary sanitary requirements and fit for human consumption.
4.	Germany	Agrarfrost GmbH & Co / Halal Certification Body (Germany)	Halal certificate	Control 10.11.2023 / 31.12.2024	Not applicable / Agrarfrost brand of potato products / Halal Certification Body (Germany) hereby certifies that the products manufactured by Agrarfrost GmbH & Co. at the production site Aldrup 3, 27793 Wildeshausen, Germany are halal.
5.	India	Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	23.01.2024 / 90 days from the date of issue	Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests / microbial investigations and were found to be FIT for human consumption. A. (1) total bacterial count was within limit of 1 to 10 million per gram. A. (2) Escherichia Coli count not more 100 per gram A. (3) Salmonella: meat is free from Salmonella. B. This meat is fit for Human Consumption C. Meat is free from Bovine Spongiform Encephalopathy.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	30.01.2024 / Not stated	03.01.2024 / Indian origin frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.
		Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	27.01.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests / microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>A. (2) Escherichia Coli count not more 100 per gram</p> <p>A. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	02.02.2024 / Not stated	03.01.2024 / Indian frozen halal boneless buffalo offal and Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	20.02.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests/microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>B. (2) Escherichia Coli count not more 100 per gram</p> <p>B. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy.</p>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	27.02.2024 / Not stated	02.12.2023, 13.02.2024 / Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	20.01.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal Method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests/microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>A. (2) Escherichia Coli count not more 100 per gram</p> <p>A. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy.</p>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	29.01.2024 / Not stated	03.01.2024 / Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	02.02.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests/microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>A. (2) Escherichia Coli count not more 100 per gram</p> <p>A. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy.</p>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	14.02.2024 / Not stated	03.01.2024 / Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
—	—	Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	20.02.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests/microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>A. (2) Escherichia Coli count not more 100 per gram</p> <p>A. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy..</p>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	27.02.2024 / Not stated	<p>03.01.2024, 03.02.2024 / Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Allansons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	20.02.2024 / 90 days from the date of issue	<p>Not stated / Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This is to certify that at the request of Allansons Private Limited, I have examined the under mentioned goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples collected from the above material were subjected to biological tests/microbial investigations and were found to be FIT for human consumption.</p> <p>A. (1) total bacterial count was within limit of 1 to 10 million per gram.</p> <p>A. (2) Escherichia Coli count not more 100 per gram</p> <p>A. (3) Salmonella: meat is free from Salmonella.</p> <p>B. This meat is fit for Human Consumption</p> <p>C. Meat is free from Bovine Spongiform Encephalopathy.</p>
		Allansons Private Limited / Jamiat Ulama Halal Foundation ("JUHF")	Halal slaughtering certificate	26.02.2024 / Not stated	03.01.2024 – 13.02.2024 / Indian frozen halal boneless buffalo meat / JUHF Certification Pvt Ltd. hereby certifies that the under mentioned shipment of Buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorized representative appointed at facility indicated below. Therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter. It is also verified that the slaughter is carried out according to the requirements of the standards approved by JAKIM.

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
6.	New Zealand	Greenlea Premier Meats Limited / New Zealand Ministry of Primary Industries	Sanitary certificate for meat and meat products for human consumption to Malaysia	12.02.2024 / Not stated	05.01.2024 – 02.02.2024 / Frozen beef liver IW / 03.10.2023 – 18.01.2024 / Frozen beef liver IW / 10.12.2023 – 16.01.2024 / Frozen boneless beef rib eye roll VP / 23.01.2024 – 31.01.2024 / Frozen boneless beef blade IW / 03.01.2024 – 08.01.2024 / Frozen boneless beef tenderloin VP / I hereby certify that: - the products described above are derived from animals which have passed ante mortem and post mortem veterinary inspection at the time off slaughter and were processed in accordance with New Zealand law. - The animals from which the meat was derived were of New Zealand origin. - the products have not treated with chemical or foreign substance injurious to health - the products are deemed fit for human consumption - African horse sickness, African swine fever, anthrax, avian influenza (fowl plague) blue tongue disease, bovine spongiform encephalopathy (BSE) Brucella abortus, Brucella melitensis, classical swine fever (hog cholera) contagious bovine pleuropneumonia, foot and mouth disease, glanders, lumpy skin disease, Newcastle disease an asymptomatic lentogenic strain exists in New Zealand), peste des petits ruminants, rabies, Rift Valley fever, rinderpest, scrapie sheep and goat pox, swine vesicular disease and vesicular stomatitis do not occur in New Zealand - the feeding of ruminant protein to ruminants is prohibited in New Zealand - the product does not contain B- agonists

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Greenlea Premier Meats Limited / Federation of Islamic Associations of New Zealand ("FIANZ")	New Zealand Halal Export Certificate	08.02.2024 / not stated	05.01.2024 – 02.02.2024 / Frozen beef liver IW / 03.10.2023 – 18.01.2024 / Frozen beef liver IW / 10.12.2023 – 16.01.2024 / Frozen boneless beef rib eye roll VP / 23.01.2024 – 31.01.2024 / Frozen boneless beef blade IW / 03.01.2024 – 08.01.2024 / Frozen boneless beef tenderloin VP / We certify that the meat and meat products in this shipment have been derived from halal slaughtered animals. Any ingredients, additives, processing aids and packaging material in this shipment of meat and meat products are halal. The processing meat and meat products has been supervised by our authorized area representative. Therefore, this shipment is considered as halal and fit for consumption by Muslims, Adequate precautions have also been taken to prevent contamination with non-halal materials during processing, storage and transportation. Accordingly our halal seal has been applied to this certificate.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Alliance Group Limited / New Zealand Ministry of Primary Industries	Sanitary certificate for meat and meat products for human consumption to Malaysia	31.01.2024 / Not stated	<p>03.10.2023 – 24.01.2024, 05.12.2023 – 19.12.2023, 19.01.2024 – 24.01.2024 / Frozen bone in lamb chump, Frozen bone in lamb shoulder, and Frozen bone in lamb square cut shoulder / I hereby certify that:</p> <ul style="list-style-type: none"> - the products described above are derived from animals which have passed ante mortem and post mortem veterinary inspection at the time off slaughter and were processed in accordance with New Zealand law. - The animals from which the meat was derived were of New Zealand origin. - the products have not treated with chemical or foreign substance injurious to health - the products are deemed fit for human consumption - African horse sickness, African swine fever, anthrax, avian influenza (fowl plague) blue tongue disease, bovine spongiform encephalopathy (BSE) Brucella abortus, Brucella melitensis, classical swine fever (hog cholera) contagious bovine pleuropneumonia, foot and mouth disease, glanders, lumpy skin disease, Newcastle disease an asymptomatic lentogenic strain exists in New Zealand), peste des petits ruminants, rabies, Rift Valley fever, rinderpest, scrapie sheep and goat pox, swine vesicular disease and vesicular stomatitis do not occur in New Zealand - the feeding of ruminant protein to ruminants is prohibited in New Zealand - the product does not contain B- agonists

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
		Alliance Group Limited / New Zealand Islamic Development Trust ("NZIDT")	New Zealand Halal Export Certificate	31.01.2024 / Not stated	01.10.2023 – 25.01.2024, 06.12.2023 – 20.12.2023, 22.01.2024 – 25.01.2024 / Frozen bone in lamb chump, Frozen bone in lamb shoulder, Frozen bone in lamb square cut shoulder / We certify that the meat and meat products in this shipment have been derived from halal slaughtered animals. Any ingredients, additives, processing aids and packaging material in this shipment of meat and meat products are halal. The processing meat and meat products has been supervised by our authorized area representative. Therefore, this shipment is considered as halal and fit for consumption by Muslims, Adequate precautions have also been taken to prevent contamination with non-halal materials during processing, storage and transportation. Accordingly, our halal seal has been applied to this certificate.

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7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
7.	United States of America	McCain Foods USA / United States of America	Sanitary Certificate for Exports	07.03.2024 / Not stated	Not applicable / Mozza stick / Sanitary certification to certify: The United States of America is free from foot & mouth disease and rinderpest The product was manufactured in facilities inspected and approved by the competent authority and subjected to regular audits or inspections aimed at ensuring that the processing is properly and hygienically carried out, to produce a product that is fit for human consumption The product was manufactured from milk or milk products that received a pasteurization treatment or adequate safeguards have been taken with the aim of avoiding public health hazards arising from pathogenic organisms associated with milk. To the best of our knowledge, the product contains no harmful levels of contaminants

As for importation of our Group's other food products from West Malaysia through our suppliers, the consignment is to be accompanied with a certificate of Veterinary Health Mark ("VHM") issued to the supplier by the Department of Veterinary Services of the Ministry of Agriculture and Agro-Based Industry, Malaysia. Such certificate certifies that the supplier concerned has fulfilled the requirements of the Department of Veterinary Services and the implementation of Quality Assurance Program and Hazard Analysis and Critical Control Point (HACCP) system for food safety. Accredited supplier is then allowed to use the VHM logo on labels and packaging of products and premises that have been approved by the Department of Veterinary Services Malaysia.

Pursuant to section 9(1) of the Veterinary Public Health Ordinance 1999 of Sarawak, the Department of Veterinary Services Sarawak ("DVS") is empowered to impose conditions for importation of any animal, fish, animal or fish products. In this regard, DVS has updated regulations for the importation of animal, fish, animal or fish products which take effect from 3 April 2023.

One of such regulations which are applicable to our Group for importation of frozen processed poultry products from West Malaysia to Sarawak is the regulations for the importation of animal product that are cooked, heat-processed and hermitically sealed. The regulation requires that every consignment of cooked and heat-processed poultry products must be accompanied by a halal certificate, issued by the Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia ("JAKIM")) in addition to being issued with a certificate of VHM. This certificate certifies that the products are halal and fit for consumption by Muslims.

7. BUSINESS OVERVIEW (CONT'D)

In addition, a Veterinary Health Certificate (“**VHC**”) issued by the Department of Veterinary Services Malaysia is required, certifying that the products are free from any infectious and contagious diseases, and do not contain any preservatives, coloring matter not permitted under the Food Act 1983, and Food Regulations 1985, or residue, foreign substances, or harmful materials injurious to health. Such VHC certificate must also attest that precautions have been taken to prevent contamination during processing, packing, storing, and handling prior to export, and certifies that the meat quality meets the standards outlined in the Food Act 1983 and Food Regulations 1985.

Upon arrival in the state of Sarawak, all required documents for each importation must be surrendered for verification to the State Veterinary Authority of Sarawak or to any authorized officer assigned by the State Veterinary Authority of Sarawak. If all requirements are fulfilled, the State Veterinary Authority of Sarawak will then issue the necessary Permit to Import for the approved consignment of food products, as explained in Section 7.21.2 of this Prospectus.

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7. BUSINESS OVERVIEW (CONT'D)

7.22 INTELLECTUAL PROPERTIES

As at the LPD, we have submitted the trademark application for the following trademarks to the Intellectual Property Corporation of Malaysia (“MyIPO”):

<u>No.</u>	<u>Trademark no. / Registered owner</u>	<u>Design / Mark</u>	<u>Description</u>	<u>Status / Validity</u>	<u>Place of registration</u>
1.	2017014061 / Supreme Consolidated Resources Bhd	“Supreme” with “S”	Transportation, packaging and storage of goods, and travel arrangement	Registered / 20 December 2018 – 19 December 2027	Malaysia
<u>No.</u>	<u>Application no. / Applicant</u>	<u>Design / Mark</u>	<u>Description</u>	<u>Status / Date of application</u>	<u>Application for registration</u>
1.	TM2023026534 / Supreme Consolidated Resources Bhd	“Supreme” with “S”	Advertising, business administration; business management and office functions	Pending approval / 4 September 2023 ⁽¹⁾	Malaysia
2.	TM2023026537 / Supreme Consolidated Resources Bhd	“Supreme” “Premium Quality” “1983”	Transportation, packaging and storage of good, and travel arrangement	Pending approval / 4 September 2023 ⁽¹⁾	Malaysia
3.	TM2023039084 / Supreme Consolidated Resources Bhd	“Best Choice”	Packaging frozen seafood, frozen appetisers consisting primarily of chicken and chicken nuggets	Pending approval / 22 December 2023 ⁽¹⁾	Malaysia

Save as disclosed above, our Group is not dependent on any other intellectual property rights for our business operations.

Note:

(1) *Barring any unforeseen circumstances, the trademarks should be registered within 1 year from their respective dates of filing of the application, but the actual duration may vary depending on the processing speed of MyIPO in approving the application.*

7. BUSINESS OVERVIEW (CONT'D)

7.23 PROPERTIES

7.23.1 Properties owned by our Group

As at the LPD, our Group own the following properties:

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
1.	SCS	Provisional Lease Lot 842, Block 7, Muara Tebas Land District / Lorong Demak Laut 3A, Demak Laut Industrial Park, Kuching, Sarawak	3 Storey office cum warehouse	Town Land / 60 years expiring 20.09.2054	Charged to United Overseas Bank (Malaysia) Berhad	Occupation Permit dated 06.05.2021	7,720.0 / 3,226.2	9,824
2.	SCS	Provisional Lease Lot 919, Block 7, Muara Tebas Land District / Demak Laut Warehouse	Two (2) detached industrial buildings – offices and two (2) warehouses	Town Land / Leasehold of 60 years expiring 12.02.2054	Charged to AmBank Berhad and AmBank Berhad	Occupation Permits dated 28.06.1996, 17.11.2003, 28.12.2007 and 26.07.2018	8,440.0 / 4,579.9	2,931
3.	SCS	Lot 14890 Section 65, Kuching Town Land District (formerly Plot 11) / Survey Lot 14890 Block B, Jalan Semariang, Kuching ⁽¹⁾	Three (3) storeys intermediate shophouses	Town Land / Leasehold of 60 years expiring on 26.01.2081	Charged to Overseas Bank (Malaysia) Berhad	Occupation Permit dated 06.08.2019	122.9 more or less / 301.5	1,170

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
4.	BFL	Lot 1541, Block 3 Miri Concession Land District / Jalan Piasau Utara 3 Piasau Utara Light Industrial Estate	Two (2) storeys clustered industrial building	Town Land / Leasehold of 60 years expiring on 10.01.2054	Nil	Two Occupation Permits dated 21.04.1994 and 02.04.2018	343.7 more or less / 458.1	293
5.	BFL	Lot 1248 Block 5 Kuala Baram Land District	Two (2) storeys detached industrial warehouse cum office	Town Land / Leasehold of 60 years expiring on 14.08.2056	Charged to AmBank Berhad	Occupation Permit dated 22.10.2020	2,996.0 / 1,253.0	4,649
6.	BFL	Lot 14891 Section 65 Kuching Town Land District ⁽²⁾	Three (3) storeys intermediate shophouse	Town Land / Leasehold of 60 years expiring on 26.01.2081	Charged to United Overseas Bank (Malaysia Berhad)	Occupation Permit dated 06.08.2019	122.9 more or less / 301.5	1,210
7.	SFS	Lot 1476 Block 12 Muara Tebas Land District	Double storey semi-detached industrial building	Town Land / Perpetuity	Nil	Occupation Permit dated 17.09.2007	1,054.1 more or less / 610.2	1,269
8.	SFS	Lot 14889 Section 65 Kuching Town Land District ⁽³⁾	Three (3) storey corner terrace shophouse	Town Land / Leasehold of 60 years expiring on 26.01.2081	Charged to United Overseas Bank (Malaysia Berhad)	Occupation Permit dated 06.08.2019	125.5 more or less / 309.7	1,302
9.	SFS	Lot 1201, Block 7, Muara Tebas Land District / Lorong Demak Laut 5, Demak Laut Industrial Park	Detached Industrial Building - Office and Warehouse	Town Land / Leasehold of 60 years expiring on 13.10.2056	Charged to Malayan Banking Berhad	Occupation Permit dated 28.10.1998	1,600.0 / 610.2	539

7. BUSINESS OVERVIEW (CONT'D)

Notes:

- (1) *The property is currently rented out to third parties. The ground floor is rented to Holiyo Laundry Sdn Bhd pursuant to the tenancy agreement dated 1 August 2019 between SCS and Holiyo Laundry Sdn Bhd. The first floor is rented to Eco-Shop Marketing Sdn Bhd pursuant to the tenancy agreement dated 20 September 2021 between SCS and Eco-Shop Marketing Sdn Bhd, while the second floor is rented to Hydratechs Company pursuant to the extension of rental agreement dated 15 May 2023 between SCS and Hydratechs Company.*
- (2) *The property is currently rented out to third parties. The ground floor is rented to Chai Woon Khiong under a rental agreement dated 3 December 2019 between BFL and Chai Woon Khiong. The first floor is rented to Ansor Enterprise pursuant to the tenancy agreement dated 18 February 2022 between BFL and Ansor Enterprise, while the second floor is currently vacant.*
- (3) *The property is currently rented out to third parties. The ground floor is rented to Then Kian Chong pursuant to the tenancy agreement dated 26 July 2019 between SFS and Then Kian Chong. The first floor is currently vacant, while the second floor is rented to Borneo Innovative Builders Sdn Bhd pursuant to the tenancy agreement dated 10 November 2020 between SFS and Borneo Innovative Builders Sdn Bhd.*

7.23.2 Properties rented by our Group

As at the LPD, our Group does not rent any properties.

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7. BUSINESS OVERVIEW (CONT'D)

7.24 Compliance with relevant laws, regulations and requirements

As at the LPD, save as disclosed below, our Group does not have any other existing non-compliance with relevant laws, regulations, rules and requirements. The summary of our Group's ongoing and past non-compliances with relevant laws, regulations, rules and requirements are as follows:

Details of the **ongoing non-compliances** of our Group are as follows:

No. 1 (The installation of a worker's lift next to the emergency exit stairs without approval from Fire and Rescue Department Malaysia ("BOMBA"))	
Nature of ongoing non-compliance	<p>BOMBA had, on 4 December 2023, issued a fire hazard abatement notice to SCS, notifying that the installation of a worker's lift adjacent to the emergency exit stairs in the office building on Lot 842 might disrupt the passive fire protection system at the premises, and therefore, called for the as-built architecture plans of the building to be submitted to BOMBA within 180 days from the date of the said notice, which shall fall due on 1 June 2024</p> <p>The installation of a worker's lift next to the emergency exit stairs in the office building situated on Lot 842 (registered under our subsidiary SCS, was found to have not been included in and did not form part of the original architecture plans that were submitted to and approved by BOMBA.</p> <p>The workers' lift functions as a passenger lift and was installed for the private use of our Company's employees including directors and invited guests, particularly to provide access and convenience to persons with physical disability or with limited mobility.</p> <p>The worker's lift measures 110cm in width, 147cm in length and 281cm in height, and has a capacity for 5 persons with a maximum load of 400kg.</p>
Status as at LPD	<p>As at the LPD, the architects have resubmitted the revised architectural plan incorporating BOMBA's request to include a lift lobby (protected brick wall that encapsulates the lift lobby) to Dewan Bandaraya Kuching Utara ("DBKU"), Land & Survey Department of Sarawak, Kuching Division, and BOMBA. On 1 March 2024, BOMBA, through a letter to DBKU dated 1 March 2024, confirmed receipt of the revised architectural plan.</p> <p>As at to date, approval letter for the revised architecture plan from BOMBA, Land and Survey Department of Sarawak, Kuching Division and DBKU is pending. Once approval for the revised architecture plan is obtained from BOMBA, DBKU and Land and Survey Department of Sarawak, Kuching Division, the construction of the lift lobby will commence.</p> <p>Thereafter, upon completion of the construction of the lift lobby, an inspection will be carried out by DBKU and BOMBA, for the purpose of issuance of a new occupation permit to the office building located on Lot 842 which would then mark the close of this non-compliance issue.</p>
Estimated time and cost for rectification	<p>This matter is expected to be resolved by end of April 2024.</p> <p>The estimated cost of construction of the lift lobby will be RM100,000.</p>
Impact to business operations or financial conditions	<p>SCS will only incur the cost of construction of the lift lobby, which is estimated to be RM100,000, which is immaterial to our Group's business operations and financial performance.</p>

7. BUSINESS OVERVIEW (CONT'D)

No. 1 (The installation of a worker's lift next to the emergency exit stairs without approval from Fire and Rescue Department Malaysia ("BOMBA"))	
	<p>As at the LPD, our Group has not experienced any material adverse impact on their business operations nor been imposed with any penalties arising from such non-compliance.</p> <p>Since the worker's lift is a passenger lift designed to ferry passengers only, and not a service or goods lift designed to move goods and materials, palettes and heavy loads between floors, the worker's lift is not material to the business operations of our Group.</p>
No. 2 (The issuance of 6 fire hazards abatement notices by BOMBA to SCS, notifying the presence of 6 fire hazards on the premises situated on Lot 919)	
Nature of ongoing non-compliance	<p>Pursuant to Section 8 of the FSA and subsequent to an inspection carried out by BOMBA on 24 January 2024, BOMBA had on 26 January 2024, issued 6 fire-hazard abatement notice to SCS, notifying the presence of fire hazards, namely:</p> <ul style="list-style-type: none"> • faulty isolator switch which might result in the inability to cut off the power supply during a fire; • faulty fire curtain at the generator set room located at Block A of the premise on Lot 919, potentially impacting the proper functioning of the fixed gas installation system within the room; • faulty emergency exit sign at the ground floor of Block A of the premise on Lot 919, which might cause difficulty in self-evacuation in the event of a fire; • the replacement of a fire door with a regular door on the ground floor exit of Block A, which would impede self-evacuation in the event of a fire; • the replacement of a fire door with a regular door on the first-floor exit of Block A, as the fire door might impede self-evacuation in the event of a fire; and • storing or placing items on the staircase located at the ground floor of Block A on the premise situated on Lot 919, which might cause hindrance for self-evacuation in the event of a fire. <p>As stipulated in the fire hazard abatement notices from the BOMBA, the abovesaid fire hazards are required to be abated within 90 days from the date of each of the notices.</p>
Status as at LPD	All 6 fire-hazards have been rectified, and following this rectification, an inspection will be conducted by BOMBA. Subsequently, an official letter of clearance will be issued by BOMBA.
Estimated time and cost for rectification	<p>This matter is expected to be resolved by end of April 2024.</p> <p>The estimated cost for the rectification for all the above non-compliances will be RM4,900.</p>
Impact to business operations or financial conditions	<p>SCS will only incur the cost for the rectification, which is estimated to be at RM4,900, which is immaterial to our Group's business operations and financial performance.</p> <p>As at the LPD, our Group has not experienced any material adverse impact on their business operations nor been imposed with any penalties arising from such non-compliance.</p>

7. BUSINESS OVERVIEW (CONT'D)

Details of the **past non-compliances** of our Group are as follows:

No. 1 (Non-compliances by our Company and our subsidiaries, namely SCS, BFL, STSB and Supreme Trading in respect of the Income Tax (Deduction from Remuneration) Rules ("ITR") 1994 / Monthly Tax Deduction ("MTD") and Income Tax Act ("ITA") 1967)				
Nature of past non-compliance	The respective companies within our Group did not comply with certain provisions in the ITR 1994 and ITA 1967, details of which are as follows:			
	Company	Category / Law or Regulation	Description of non-compliances	Penalty amount (RM)
	SCRB	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries and directors' fees for the Year of Assessment ("YA") 2018	6,244.68
			Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries for YA 2019.	800.00
		Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to underestimation of interest income earned for YA 2019	1,770.22
	SCS	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' bonus for YA 2018	2,589.19
	BFL	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' fee for the YA 2019	2,554.81
			Understated monthly tax deduction due to inaccurate computation of tax in relation to benefit-in-kind, staff bonus and staff salaries for the YA 2020	1,600.00

7. BUSINESS OVERVIEW (CONT'D)

No. 1 (Non-compliances by our Company and our subsidiaries, namely SCS, BFL, STSB and Supreme Trading in respect of the Income Tax (Deduction from Remuneration) Rules ("ITR") 1994 / Monthly Tax Deduction ("MTD") and Income Tax Act ("ITA") 1967)				
			Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' fee for the YA 2021	1,200.00
	STSB	Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to underestimation of revenue earned for YA 2020	1,232.34
	Supreme Trading	Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to overestimation of deductible expenses for YA 2023	44.83
	Total			18,036.07
	In addition, on 12 January 2023, the IRB has issued a letter to SFS, requesting the necessary information and documentation for the MTD audit process to ensure compliance with the ITA 1967.			
Status as at LPD	As at the LPD, all tax penalties imposed by IRB have been fully settled. As for the ongoing MTD by IRB on SFS, it is not a non-compliance as the matter remains unresolved with no conclusive result and no penalties imposed.			
Estimated time and cost for rectification	Pursuant to the settlement of the said penalties by our Group, no further actions are necessary from our Group. As for the ongoing MTD audit by IRB, our Company has been regularly following up with IRB on the status of the MTD audit by way of telephone calls and email correspondences. Our Company expects the ongoing MTD audit by IRB to conclude by September 2024.			
Impact to business operations or financial conditions	Pursuant to the settlement of the tax penalties by our Group, there is no material adverse impact on the overall business operations and / or financial condition of our Group. As for the ongoing MTD by the IRB on SFS, since the matter is still ongoing with no conclusive result, it is not a non-compliance, and therefore there is no material adverse impact on the overall business operations and / or financial condition of our Group.			

7. BUSINESS OVERVIEW (CONT'D)

No. 2 (The installation and display of the Company's business name signboard at the façade of our office building located on Lot 842 and Lot 1248 without obtaining prior licence from the respective local authorities, DBKU and Miri Municipal Council)	
Nature of past non-compliance	The installation and display of the business name signboard "SUPREME CONSOLIDATED RESOURCES BERHAD" at the façade of the office building installed on Lot 842 and "BORNEO FOOD LAND COLDSTORAGE SDN BHD" installed at the façade of the office building on Lot 1248 was without licence from the respective local authorities, DBKU and Miri Municipal Council.
Status as at LPD	As at the LPD, licences for the display of the above business name signboard have been obtained from DBKU on 24 August 2023 and Miri Municipal Council on 19 April 2023.
Estimated time and cost for rectification	Pursuant to the issuance of the licences on 24 August 2023 and 19 April 2023 respectively, no further action is required, other than renewing the licence on or before the expiry of the respective licence.
Impact to business operations or financial conditions	Having obtained the licence on 24 August 2023 and 19 April 2023, there is no contravention of the By-Laws, and therefore, there is no adverse impact to the business operations or financial conditions of our Group.

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7. BUSINESS OVERVIEW (CONT'D)

No. 3 (Contravention of section 9 of the Veterinary Public Health Ordinance 1999 of Sarawak ("VPHO") by SCS and SFS due to the erroneous application for permit to import and importation of products not complying with the term and condition of the permit licence)				
Nature of past non-compliance	The details of the non-compliance to the VPHO by SCS and SFS are as follows:			
	Company	Description of compound	Compound amount (RM)	Status as at the LPD
	SFS	Importing animal product which is butter, not in accordance with the terms and conditions of the import licence applied earlier, due to the arrival of goods preceding the permit-approved date.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 14 April 2021
		Importing animal product which is butter, not in accordance with the terms and conditions of the import licence applied earlier, due to the arrival of goods preceding the permit-approved date.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 21 October 2022
	SCS	Importing animal product not in accordance with the terms and conditions of the import licence applied earlier.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 8 August 2019
		Importing animal product which is meat ball not in accordance with the terms and conditions of the import licence applied earlier.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 5 February 2020.
		Importing animal product which is beef meatball, not in accordance with the terms and conditions of import licence applied earlier, due to an insufficient quantity of import permits	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 29 July 2020
		Erroneous application for permit to import. The items that were declared were frozen mutton, but the items stated in the import permit were frozen beef.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 7 July 2023.
	Total		30,000	

7. BUSINESS OVERVIEW (CONT'D)

No. 3 (Contravention of section 9 of the Veterinary Public Health Ordinance 1999 of Sarawak ("VPHO") by SCS and SFS due to the erroneous application for permit to import and importation of products not complying with the term and condition of the permit licence)	
Status as at LPD	As at the LPD, SFS and SCS have respectively settled all the compounds issued to them by the Department of Veterinary Services Sarawak.
Estimated time and cost for rectification	Pursuant to the settlement of the compounds, no further action is required from our subsidiaries, SFS and SCS.
Impact to business operations or financial conditions	With the settlement of the compounds on or before the respective stipulated dates, there are no other actions taken by the Department of Veterinary Services Sarawak, and therefore, there are no adverse impact to the business operations or financial conditions of our Group.

7.25 ENVIRONMENT, SOCIAL AND GOVERNANCE

Our Group is committed to achieving sustainability goals to build environment and social responsibilities, and effective corporate governance into all aspects of our business and operations. We believe in staying transparent, innovative and continue to stay relevant are keys to driving a sustainable business.

Sustainability Scope and Frameworks

Our Group will develop our sustainability framework based on the following frameworks and standards:

- Bursa Securities' ACE Market Listing Requirements for Sustainability;
- Bursa Securities' Sustainability Reporting Guide (3rd Edition); and
- MCGG.

Our main objective is to foster sustainable development among our stakeholders by providing accessible and renewable energy, fostering innovation, and empowering our employees and the community. As a responsible public governance organisation, we are fully committed to promoting sustainability and actively leading positive change as a global citizen.

Our Group is committed to establishing an organisation that prioritises sustainable development for the betterment of both the community and stakeholders. This statement emphasises our unwavering commitment to adopting impactful practices, initiatives, and endeavours that address the impact of our operations on the local economy, environment, society, and governance. We persistently strive to enhance our performance in these domains, ensuring that our actions contribute positively to a sustainable future.

Our Board has the collective and overall responsibility for reviewing, approving and managing the ESG related policies, targets and strategies for our Group. Our Executive Committee ("**EXCO**") is responsible to oversee the development and implementation of sustainability strategies. The EXCO also oversees the business plans, compliance and governance frameworks and key initiatives of our Group having regard to sustainability considerations. The development and implementation of sustainability strategies across our businesses are undertaken by our senior management who shall report to our EXCO.

7. BUSINESS OVERVIEW (CONT'D)

(a) Environmental

We strive to improve our environment by reducing the carbon footprint of our operational activities to the nature.

- We consider sustainability risks and opportunities, including climate-related risks and opportunities as part of our governance, risk management and strategic and planning framework.
- We prioritise energy efficiency and emission reduction by implementing relevant technologies and best practices for our fleet and equipment, and promoting good environmental practices across the supply chain, where practicable.
- We prioritise suppliers who adhere to ethical and sustainable practices, and we will encourage them to reduce their own environmental impacts.
- We promote responsible sourcing, favouring products and materials with lower environmental impacts and better social outcomes.
- We work with partners to minimise waste, improve transportation efficiency, and jointly contribute to a more sustainable logistics network.
- We inculcate behaviour that supports the building of environmentally sustainable practices among our employees.

(b) Social

We are committed to providing a safe and inclusive workplace that empowers our employees to contribute positively to sustainability efforts. We will also actively engage in efforts that contribute to the well-being of the communities.

- We place a strong emphasis on the safety and health of our employees by forming a safety and health committee to oversee safety and health matters and to mitigate any associated safety and health risks at our workplace.
- We are committed in providing safety and health related trainings annually to increase the level of safety and health awareness among all employees.
- We practice gender equality and cultural diversity with equal opportunities for employment, career development and advancement in pay to attract and retain our employees.
- We provide training for our employees on personal development, skill enhancements, regulatory and compliance updates to ensure they are able to upskill themselves or maintain their good standards in carrying out their duties.
- We plan and organise Corporate Social Responsibility activities where our employees contribute to the society, particularly the underprivileged or vulnerable groups, by conducting visits, having interactions and providing support through donations of essential goods, food or cash.

7. BUSINESS OVERVIEW (CONT'D)

(c) Governance

We acknowledge the importance of good corporate governance in order to promote business prosperity and corporate accountability with the objective of realising long-term shareholder value while taking into consideration the interest of our stakeholders

- We shall act ethically and with integrity in all our business dealings and relationships with our stakeholders.
- We ensure strict compliance with various rules and regulations including but not limited to the Act and other relevant laws.
- We are committed to achieve and sustain high standards of corporate governance according to the MCCG, i.e. ethical behaviour, accountability, transparency and sustainability.
- We develop and continuously enhances our Group's compliance and ethics programme as the framework for enhancement and monitoring of good business ethics and conduct of employees and other stakeholders, including the Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblowing policy.

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8. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

20 March 2024

The Board of Directors
SUPREME CONSOLIDATED RESOURCES BHD
Lot 919, Block 7, Muara Tebas Land District
Demak Laut Industrial Park
93050 Kuching
Sarawak
Malaysia.

Dear Sirs,

Independent Market Research Report on the Outlook of the Food, Beverages and Discretionary Products Distribution Services Industry in Sarawak in conjunction with the Listing of SUPREME CONSOLIDATED RESOURCES BHD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this independent market research report on the Outlook of the Food, Beverages and Discretionary Products Distribution Services Industry in Sarawak for inclusion in the Prospectus of SUPREME CONSOLIDATED RESOURCES BHD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

ELIZABETH DHOOS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOOS:

Elizabeth Dhoos is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoos holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

1 FOOD, BEVERAGES AND DISCRETIONARY PRODUCTS DISTRIBUTION SERVICES INDUSTRY IN SARAWAK

1.1 INTRODUCTION AND BACKGROUND

Distribution services are activities involving in the efficient movement of goods and services from manufacturers to customers and end consumers. Distributive trade is the intermediary stage comprising all linkages and activities that channel consumer packaged goods for resale or to end consumers or users. Goods passing through the distributive trade are typically sold either without processing or with minimal processing. Operators within the distributive trade may physically breakbulk, sort, grade, mix, pack or repack. Additionally, distributive trade operators may sell directly to end consumers or users and/or other intermediaries who subsequently resell to end consumers or users. In some situations, manufacturers, producers and processors may also sell their goods directly to end consumers or users.

The distributive trade is segmented into wholesale and retail trade. Wholesale trade refers to the resale of goods to resellers, such as retailers or other wholesalers. Retail trade refers to the resale of goods mainly to the end-consumer or users. In some situations, wholesale trade also involves the sales of goods to industrial, commercial, institutional and professional users.

Food and beverages are mass-produced consumer goods that are non-durable, relatively low cost and are consumed or used frequently by consumers or households. This excludes fresh food, produce and products without packaging. As most of these food and beverage items are consumed or used relatively quickly, they are also referred to as fast-moving consumer goods.

Discretionary products are items for which its consumption is not essential or necessary, but rather related to the satisfaction of fulfilling a want or desire.

The key participants in the distribution of food, beverages and discretionary products comprise:

- Principals are mostly brand owners and are responsible for the exclusive supply of products under their brand names. Principals may either manufacture their products, appoint contract manufacturers to manufacture their products or buy finished products which are packed under their brand names; and
- Intermediaries are operators that provide linkages between principals and end-consumers or users. Intermediaries in the food and beverages supply chain include wholesalers and retailers.

It is critical for food, beverages and discretionary products to reach as wide a market coverage of consumers as possible.

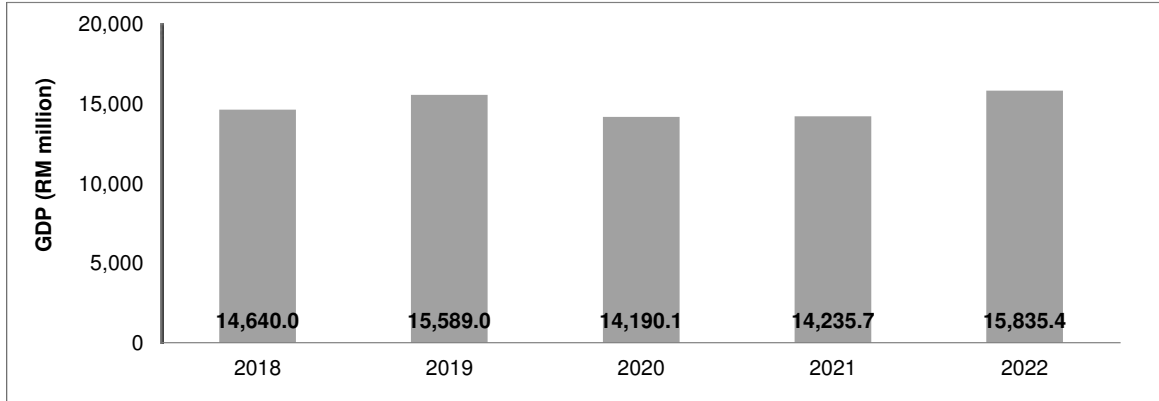
Supreme Consolidated Resources Bhd provides market access and coverage for consumer products in Sarawak and Sabah, where it is principally involved in the distribution of a wide range of third-party brands as well as its own brand of Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products.

1.2 INDUSTRY SIZE AND GROWTH

The food, beverage and discretionary products distribution services industry in Sarawak, based on the gross domestic product ("GDP") of wholesale and retail trade, food and beverage and accommodation services, increased from RM14.6 billion in 2018 to RM15.8 billion in 2022 at a compound annual growth rate ("CAGR") of 2.0%. In 2022, the distribution of food and beverage products comprised approximately 35.0% while the distribution of discretionary products comprised approximately 7.0% of the GDP of wholesale and retail trade, food and beverage and accommodation services. For clarity, the distribution of non-food and beverage products such as household and commercial cleaning products fall under discretionary products.

In 2020, the food, beverage and discretionary products distribution services industry in Sarawak, as indicated by the GDP of wholesale and retail trade, food and beverage and accommodation services, was RM14.2 billion, a contraction of 9.0% from the RM15.6 billion in 2019. This contraction is attributable to the COVID-19 pandemic which affected economic and business activities throughout the state. Nonetheless, in line with improving vaccination rates and the gradual reopening of the economy, the food, beverage and discretionary products distribution services industry in Sarawak began showing signs of recovery in 2021 and 2022 respectively. In particular, the food, beverage and discretionary products distribution services industry in Sarawak registered a year-on-year growth rate of 11.2% in 2022 compared to 2021.

PROVIDENCE projects the food, beverage and discretionary products distribution services industry in Sarawak to increase from RM15.8 billion in 2022 to RM17.6 billion in 2026 at a CAGR of 2.7%.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Food, beverage and discretionary products distribution services in Sarawak**

Source: Department of Statistics Malaysia, Ministry of Finance, PROVIDENCE analysis

The growth in the food, beverage and discretionary products distribution services industry in Sarawak correlates to the:

- long term economic growth that supports positive consumer sentiment and spending on food, beverages as well as discretionary products;
- growth in population and economic affluence support demand for food, beverages as well as discretionary products;
- increasing expenditure on food, beverages as well as discretionary products supports its demand;
- growth in tourism and retail sectors that drive demand for food, beverage and discretionary products distribution services;
- foreign investment and domestic investment growth drive demand for food, beverages as well as discretionary products;
- growing halal food industry supports demand for food and beverage distribution services; and
- greater concerns for food security supports demand for food and beverage distribution services.

1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS**Long term economic growth supports positive consumer sentiment and spending on food, beverages as well as discretionary products**

Economic growth is a catalyst for development and growth in the consumption of food, beverages as well as discretionary products. Between 2018 and 2019, Sarawak's wealth, as depicted by its GDP, increased from RM133.0 billion to RM136.8 billion at a growth rate of 2.8%. In 2020, all economic sectors registered a contraction in growth due to the COVID-19 pandemic. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Sarawak's GDP contracted by 6.7% in 2020 and GDP dipped to RM127.6 billion (2019: RM36.8 billion).

Sarawak's GDP registered a growth of 3.1% in 2021. The recovery momentum was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of COVID-19 cases. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Sarawak's economic growth in 2021.

Sarawak's economy expanded by 6.5% in 2022 (2021: 3.1%) despite the challenges faced throughout the year. This was contributed by the full upliftment of containment measures, resilient growth in exports, particularly commodity exports, revival of tourism activity and continued policy support. In particular, the reopening of Malaysia's international borders in April 2022 was a turning point for Sarawak's tourism sector which began

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

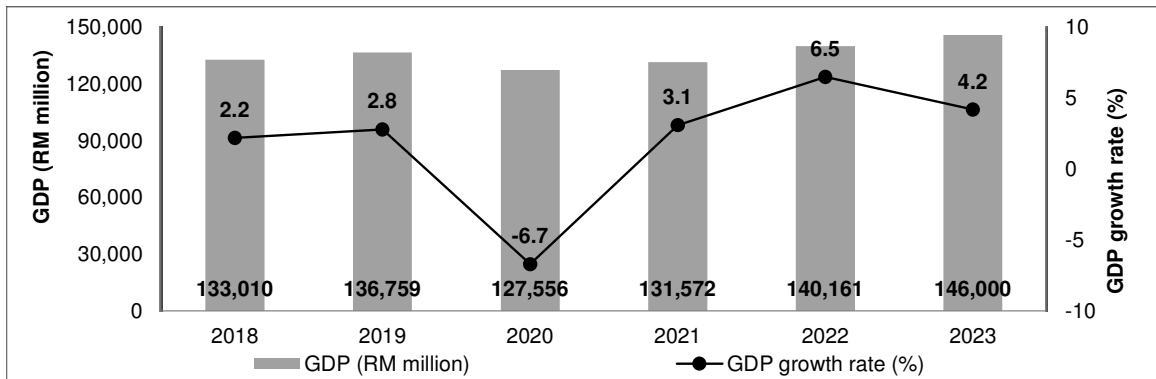


welcoming back international tourists after two years of closure. The border reopening has revitalised Sarawak’s tourism sector and encouraged investments in the tourism, hotels, retail as well as food and beverage sector, which ultimately has supported demand for food, beverage products as well as discretionary products such as household and commercial cleaning products. The economic resilience of Sarawak is further highlighted by the 4.0% to 5.0% GDP growth recorded in 2023, reaching RM146.0 billion, as compared to a 6.5% growth amounting to RM140.1 billion in 2022.¹

According to Malaysia’s Ministry of Finance, Malaysia’s GDP is forecast to expand by between 4.0% and 5.0% in 2024. Malaysia’s 2024 growth projection will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap, New Industrial Master Plan 2030, and the Mid-Term Review of the Twelfth Malaysia Plan.

Economic growth influences consumer sentiment and ultimately consumer spending on discretionary as well as non-discretionary items. Thus, Malaysia’s long term economic growth will encourage consumer spending on food, beverages and discretionary products thereby supporting demand for food, beverage and discretionary products distribution services.

Economic growth in Sarawak



Source: Department of Statistics Malaysia, Ministry of Finance, PROVIDENCE analysis

Growth in population and economic affluence support demand for food, beverages as well as discretionary products

Sarawak’s population has increased from 2.45 million persons in 2020 to 2.47 million persons in 2022 at a CAGR of 0.4%.

In line with the improving labour market, more people are joining the workforce and working longer hours. Consequently, this has increased demand for convenience. Compared to rural dwellers, urban residents have greater spending power and lead busier lives and thus, have greater propensity for a wide range of food options as well as non-food and beverage discretionary products such as cleaning products.

Between 2019 and 2022, the average gross household income in Sarawak increased from RM5,959 to RM6,457 at a CAGR of 2.7%. During the same period, the average gross household income in Bintulu and Miri increased at higher CAGRs of 4.9% and 3.1% respectively, indicating the presence of more affluent populations in these districts.

Average gross household income by district in Sarawak

District	Average gross household income (RM)		CAGR (%)
	2019	2022	
Kuching	7,376	7,588	0.9
Miri	7,235	7,932	3.1
Bintulu	8,324	9,645	4.9

¹ TYT: Sarawak records strong economic growth RM146 bln in 2023 thanks to Premier’s leadership, DayakDaily, 9 February 2024

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

District	Average gross household income (RM)		CAGR (%)
	2019	2022	
Sibu	6,140	6,645	2.6
Sarawak (overall)	5,959	6,457	2.7

Source: Department of Statistics Malaysia, PROVIDENCE analysis

Collectively, the increase in population and average gross household income depicts a growing population that has increasing spending power. This is expected to support demand for industry players that are involved in distribution services for food, beverage as well as discretionary products.

Increasing expenditure on food, beverages as well as discretionary products supports its demand

Between 2019 and 2022, the total expenditure of households in Sarawak on food, beverage well as discretionary products (including cleaning products) increased from RM1,788 to RM2,034 at a CAGR of 4.4%. Within the total food and beverages category expenditure group, the oils and fats; milk, cheese and eggs; meat; vegetables and personal care, social protection and miscellaneous goods and services segments have increased at CAGRs of 15.6%, 13.6%, 7.9%, 5.4% and 4.6% respectively, indicating that demand for these segments are growing faster than the overall food and beverages category expenditure group. Many of the items within these segments are Frozen and Chilled Food Products as well as Ambient F&B Products. The total personal care, social protection and miscellaneous goods and services expenditure group, which includes cleaning and hygiene products, increased at a CAGR of 3.4% during the same period. Growth in monthly household expenditure in Sarawak is primarily driven by urban households.

Composition of monthly household expenditure in Sarawak

Expenditure group	Urban			Rural			Total		
	2019 RM	2022 RM	CAGR %	2019 RM	2022 RM	CAGR %	2019 RM	2022 RM	CAGR %
Food and beverages	806	926	4.7	725	817	4.1	770	879	4.5
- Fish and seafood	149	180	6.5	145	161	3.6	147	172	5.4
- Meat	140	179	8.5	134	161	6.3	137	172	7.9
- Breads and cereals	93	82	-4.1	75	70	-2.3	85	77	-3.2
- Vegetables	84	99	5.6	81	93	4.7	82	96	5.4
- Other food products	73	82	4.0	65	72	3.5	70	78	3.7
- Coffee, tea, cocoa & non-alcoholic beverages	63	59	-2.2	57	61	2.3	61	60	-0.5
- Rice	55	53	-1.2	58	56	-1.2	56	54	-1.2
- Milk, cheese and eggs	50	72	12.9	39	57	13.5	45	66	13.6
- Fruits	49	57	5.2	36	41	4.4	43	50	5.2
- Oils and fats	25	38	15.0	19	28	13.8	22	34	15.6
- Sugar, jam, honey, chocolate and confectionery	24	24	0.0	17	17	0.0	21	21	0.0
Personal care, social protection and miscellaneous goods and services ^a	307	332	2.6	174	199	4.6	249	275	3.4
Total	1,918	2,183	4.4	1,625	1,833	4.1	1,788	2,034	4.4

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Note:**

^a Includes cleaning and hygiene products

Source: Department of Statistics Malaysia, PROVIDENCE analysis

Over the long term, higher disposable income and growing affluence among the urban and rural population will support demand for necessity and discretionary expenditure. This is expected to positively influence demand for distribution services of food, beverage as well as non-food and beverage discretionary products.

Growth in tourism and retail sectors drive demand for food, beverage and discretionary products distribution services

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal and/or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure

The tourism sector in Malaysia is an important economic sector that has experienced growth over the years and has been identified as a key driver for growth in the services sector. Tourism is a key source of foreign currency earnings for Malaysia, contributing to GDP growth, investment and employment as well as strengthening the services account in the nation's balance of payment. Malaysia's tourism industry encompasses leisure and business tourism, and includes the accommodation, shopping, tourism products, food and beverage as well as inbound and domestic transportation sub-sectors.

Sarawak's tourism receipts increased from RM8.1 billion in 2018 to RM8.7 billion in 2019 before Malaysia closed its international borders to curb the spread of the COVID-19 virus. After the World Health Organisation (WHO)'s declaration of COVID-19 as a pandemic on 11 March 2020, the Government imposed the movement control order ("MCO"), barring entry of international tourists beginning 18 March 2020. As a result, Sarawak's tourism receipts fell to RM3.4 billion in 2020 and RM1.9 billion in 2021. The reopening of Malaysia's international borders in April 2022 and the transition to the endemic phase of the pandemic supported growth of Sarawak's tourism industry, evidenced by the recovery in tourism receipts to RM5.4 billion in 2022 (2021: RM1.9 billion).

Tourism receipts in Sarawak

	2018	2019	2020	2021	2022
Tourism receipts (RM million)	8,145	8,671	3,385	1,935	5,431

Source: Department of Statistics Malaysia, PROVIDENCE analysis

The retail of food and beverage products is provided by supermarkets, grocers, wholesalers and specialised food and beverage retailers. The foodservice industry encompasses activities involved in preparing and serving food and beverages to people consuming food away from home. This includes all types of restaurants, institutional food operations at locations such as schools and hospitals, other specialty vendors such as food truck operators and catering businesses. Together, these industries form a major customer base of food and beverage distributors.

In 2020, arising from the COVID-19 pandemic, at-home consumption of food and beverages increased while out-of-home consumption was severely affected by the containment measures and operating capacity restrictions imposed by the Government to curb the spread of the virus. Food delivery began gaining momentum in 2020 as the foodservice industry adapted to cope with pandemic-related restrictions and movement controls. The foodservice sector began showing recovery in the last quarter of 2021 as more consumers resumed dining-in. This recovery comes after a long period of decline in 2020 to early 2021 due to the COVID-19 pandemic where containment measures and operating restrictions were imposed to curb the spread of the virus.

The reopening of Malaysia's international borders in April 2022 and the transition to the endemic phase has supported and retail spending as it boosts human traffic at shopping malls. Several malls have begun strengthening their food and beverage lineup with new tenants, as well as introducing new eateries, lifestyle retail concepts and key supermarket chains which attract more end consumers of food and beverage products. The growth in Sarawak's retail industry is evidenced by the growth in shopping mall area, which increased from 930,584 square meters in 2018 to 1.1 million square meters in 2022 at a CAGR of 3.9%. The occupancy rates for shopping malls in Sarawak have been gradually recovering post COVID-19 pandemic in line with improving consumer sentiment and retail spending, as occupancy rates have risen from 73.9% in 2020 to 76.5% in 2023.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Supply of shopping malls and occupancy rates in Sarawak**

	2018	2019	2020	2021	2022	2023	CAGR (%)
Area (square meters)	930,584	1,005,136	1,038,299	1,084,338	1,084,338	1,084,230	3.9
Occupancy rate (%)	Not available	80.5	73.9	76.0	76.9	76.5	

Source: National Property Information Centre, Department of Statistics Malaysia, PROVIDENCE analysis

The growth in the tourism, retail and foodservice sectors will positively impact the growth in demand for food, beverage and discretionary distribution services. As these sectors grow, the volume of food and beverage products required to satisfy end consumer demand increases, thereby supporting demand for food and beverage distribution services. Cleaning products are essential for maintaining the general hygiene and sanitisation of tourism, retail and foodservice establishments. Thus, growth in the tourism, retail and foodservice sectors will positively impact demand for cleaning products.

Foreign investment and domestic investment growth drive demand for food, beverages as well as discretionary products

Malaysia recorded a total of RM329.5 billion worth of approved investments in the services, manufacturing and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, while domestic investments accounted for RM141.1 billion or 42.8%. The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). Foreign investments comprised 34.4%, 84.5% and 22.0% of approved investments in the services, manufacturing and primary sectors respectively. During the year, the services sector comprised the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) segments. Malaysia's manufacturing sector, which attracted RM152.0 billion in approved investments, saw an 80.3% increase compared to 2022 (2022: RM84.3 billion). The electrical and electronics (RM85.4 billion), machinery and equipment (RM22.6 billion), chemicals and chemical products (RM8.9 billion), non-metallic mineral products (RM8.8 billion), transport equipment (RM7.1 billion) and plastic products (RM4.1 billion) industries collectively made up 89.5% of total approved investments for the manufacturing sector in 2023.²

Between 2018 and 2022, Sarawak has attracted domestic and foreign direct investments in utilities, education, shipbuilding, logistics, oil and gas services and equipment and basic metal products.

Approved manufacturing projects in Sarawak

	2018	2019	2020	2021	2022
Total investment (RM million)	8,659.7	2,582.5	15,730.5	5,667.9	1,285.7

Source: Malaysian Investment Development Authority ("MIDA"), PROVIDENCE analysis

Sarawak registered total investments of RM21.4 billion in 2023, attributable to among others, initiatives under the Post COVID-19 Development Strategy (PCDS) 2030 and the introduction of green economy elements such as hydrogen and carbon trading. The manufacturing sector was the major contributor, followed by the primary sector and the services sector.³ The Government of Sarawak has announced several new investments in collaboration with foreign investors that aim to boost the state's economy. These include:

- In October 2023, China-based LONGi Green Energy Technology Co, Ltd held a groundbreaking ceremony for a new monocrystalline ingot manufacturing plant with a forecast investment of RM1.3 billion. This is the first solar manufacturing factory in Bintulu Samalaju Industrial Park;⁴
- In September 2023, Tan Sri Abang Johari Openg announced that two major manufacturing projects in Bintulu will be the cornerstones of Sarawak's green hydrogen economy, namely the H2biscus and H2ornbill projects

² Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, MIDA

³ Sarawak records RM21.4 bil in investments last year - Sarawak Deputy Premier, NST, 6 March 2024

⁴ Longi Malaysia Breaks Ground on Its New RM1.3 Billion Bintulu Samalaju Plant, MIDA

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



which are expected to be operational in Bintulu Petchem Industrial Park in 2027. The H2biscus project is expected to produce 7,000 tonnes per annum of green hydrogen for domestic use; 600,000 tonnes per annum of blue ammonia; 630,000 tonnes per annum of green ammonia; and 460,000 tonnes per annum of green methanol for export. Sarawak is looking at Japan and Singapore as the export market. Sarawak Economic Development Corporation's subsidiary company SEDC Energy is working with Samsung Engineering, Posco Holdings and Lotte Chemicals in developing a green hydrogen derivative facility. SEDC Energy is collaborating with Japanese companies Sumitomo Corporation and Eneos on the H2ornbill project that will develop large-scale production of green hydrogen;⁵

- Sarawak recorded RM16.7 billion worth of investments in the first three quarters of 2023. The newly-approved manufacturing investments included RM6.3 billion for graphite, RM769.0 million for chemicals and chemical products and RM62.0 million for steel pipes. The state had also received new investment proposals from foreign and domestic investors, among which included RM5.0 billion for components for electric vehicle batteries, RM2.6 billion for green metals and RM1.5 billion for medical gloves;⁶ and
- Petroleum Sarawak ("**Petros**") will continue to drive the development of oil and gas industries, as part of the Post COVID-19 Development Strategy (PCDS) 2030. Petros is already participating in 17 blocks offshore Sarawak, and has started its drilling activities in Onshore SK433 and completed the subsurface studies in Limbang / Lawas area. Petros will continue to be actively involved in upstream projects, especially in rejuvenating onshore exploration and commercialisation. For the midstream and downstream projects, Sarawak is investing in its 10-year Sarawak Gas Roadmap, with four hubs namely in Bintulu, Samalaju, Miri and Kuching. From these four hubs, Petros will promote domestic gas utilisation across Sarawak by developing gas distribution infrastructure, promote petrochemical industries and provide sustainable, reliable and affordable energy to the household, commercial and industrial customers. The four key projects are gas to power in Miri; gas to power in Samalaju; pipeline from Kidurong to Samalaju; and Kuching Gas Hub, he said, adding that the state is currently developing gas distribution systems via VPA and pipeline, Gas Power Plants and Petrochemical complexes. Currently, Petros is planning to complete Miri Combined-cycle gas turbine (CCGT) and Samalaju Pipeline by 2027. Next, Sarawak will be developing the Kuching Gas Hub to promote and accelerate the development of gas-based industry in Kuching.⁷

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy.

Growth in investments create opportunities for greater employment, better affluence as well as improvement in the current living conditions of the population. Collectively, this contributes to more positive consumer sentiment and spending. Greater consumer spending on food, beverages and discretionary products creates growth opportunities for food, beverage and discretionary distribution services.

Growing halal food industry supports demand for food and beverage distribution services

Malaysia aspires to become a global hub for the production and trade of halal products and services, as outlined in the 2006 Third Industrial Master Plan. Typically, awareness and observance of halal has been the highest within food and beverage, making halal compliance in this area of great importance. Halal food and beverages refer to food and beverages which have been prepared as prescribed by the Islamic law. Halal food and beverages require that halal requirements are complied with at all stages of the production and supply chain, including procurement of raw materials and ingredients, logistics and transportation, as well as packaging and labelling.

Based on the Global Islamic Economy Indicator, Malaysia was ranked first in 2021, supported by its Islamic finance, halal food, recreation and media ecosystems. In the global halal food category of the Global Islamic Economy Indicator, Malaysia was also ranked first in 2021.

In 2021, the global Muslim population spent an estimated USD1.3 trillion on food, and this is expected to reach USD1.7 trillion by 2025. With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise on this growth potential. Malaysia,

⁵ Two major hydrogen manufacturing projects in Bintulu to be cornerstones for Sarawak, says premier, Malay Mail, 4 September 2023

⁶ Sarawak records over RM16bil in first three quarters of 2023, says Deputy Premier, The Star, 29 November 2023

⁷ Business-friendly policies make Sarawak top investment destination, says Awang Tengah, Borneo Post, 30 October 2023

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



which has a majority Muslim population, is well positioned to be the centre for the promotion, distribution and production of halal food.

As the Government is focused on increased food production as well as making Malaysia an international halal hub, food and beverage distribution services industry players in Malaysia are able to leverage on the country's strength in halal certification and the Government's promotional efforts to capture the halal market.

Greater concerns for food security supports demand for food and beverage distribution services

Food security refers to the availability of food within a nation and the ability of its people to access, afford and source sufficient food supplies. The significance of food security plays an imperative role in fostering a growing need for food ingredients. As societies achieve food security, individuals are better positioned to fulfil their dietary requirements and pursue healthier lives, leading to increased demand for food, thereby supporting demand for food and beverage distribution services.

1.4 INDUSTRY DYNAMICS

Dependency on imports

The food and beverage industry in Sarawak has a certain degree of dependency on the imports of food and beverage intermediary and finished products such as flour, beans, grains, animal fats as well as processed foods. Sarawak also imports discretionary products such as cleaning products. While food and beverages as well as discretionary products are subject to certain levels of imports, distribution services are provided primarily by local industry players in Sarawak.

Industry challenges

Food ingredients are susceptible to price fluctuations as a result of demand and supply conditions in the global market. Price fluctuations are due to environmental factors and market factors that affect the demand and supply equilibrium. Environmental factors include adverse weather conditions. Market factors include economic fluctuations and speculations, as well as government policy and regulation changes.

1.5 COMPETITIVE LANDSCAPE

Food and beverage distribution services enable the wide market coverage of food and beverage products to consumers. There are distinct barriers to entry, with industry players possessing business relationships with brand principals, having extensive distribution network in their region of coverage, possessing ample warehousing and cold storage facility space, as well as having sufficient financial resources to be able to procure food and beverage products.

In the FYE 30 September 2023, Supreme Consolidated Resources Bhd generated a revenue of RM199.6 million from the provision of market access and coverage for consumer products Sarawak and Sabah, where it is principally involved in the distribution of a wide range of third-party brands as well as its own brand of Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. In 2022, the value of the food, beverage and discretionary products distribution services industry in Sarawak was RM15.8 billion. Thus, in comparison to the value of value of food, beverage and discretionary products distribution services industry in Sarawak of RM15.8 billion, Supreme Consolidated Resources Bhd secured a market share of 1.3%.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Financial performance of industry players that are involved in the provision of food and beverage distribution services

The following sets out the latest available financial performance of private and public listed firms in Malaysia that are involved primarily in the provision of food and beverage distribution services as well as discretionary products with revenues up to RM800.0 million^e:

Industry player	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^d (RM)	Profit before tax (RM)	Profit before tax margin (%)	Profit after tax (RM)	Profit after tax margin (%)
Chill Master Industries Sdn Bhd	31 May 2022		35,691,916	1,155,555	3.2	855,555	2.4
CK Group comprising:							
- CK Alliance Sdn Bhd	31 August 2022		276,973,954	6,613,601	2.4	4,922,431	1.8
- CK Distributors Sdn Bhd	31 August 2022		175,524,185	3,713,365	2.1	2,792,176	1.6
Choon Hua Food Products Sdn Bhd	31 December 2022		81,824,183	870,329	1.1	613,322	0.8
Eldaco (KL) Sdn Bhd	31 December 2022		841,973	-269,723	-32.0	-237,781	-28.2
Farm Fresh Berhad ^a	31 March 2023	517,913,000	629,690,739	52,174,237	8.3	49,934,274	7.9
H&D Food Processing Sdn Bhd	31 December 2022		61,906,413	3,153,128	5.1	2,384,410	3.9
Hong Yong Seafood Supplies Sdn Bhd	30 June 2022		215,057,702	8,781,855	4.1	6,570,382	3.1
Kim Teck Cheong Consolidated Berhad ^a	30 June 2023	584,356,966	729,389,513	34,479,051	4.7	25,105,968	3.4
LF Logistics Services (M) Sdn Bhd	31 December 2022		187,694,251	16,973,387	9.0	12,872,841	6.9
SDS Group Berhad ^a	31 March 2023	178,493,000	283,667,000	32,767,000	11.6	24,837,000	8.8
Spritzer Berhad ^a	31 December 2022	22,776,000	433,300,000	45,200,000	10.4	36,965,000	8.5
Supreme Consolidated Resources Bhd ^c	30 September 2023	199,643,000	199,643,000	12,882,000	6.5	9,218,000	4.6
Sing Chew Coldstorage Sdn Bhd	31 December 2022		90,883,285	5,944,068	6.5	3,721,032	4.1
Unified Marketing Sdn Bhd	31 December 2022		11,323,956	217,929	1.9	167,518	1.5
Wellspire Holdings Berhad ^b	31 December 2022	123,366,764	123,366,764	5,901,896	4.8	2,955,062	2.4

Notes:

The key industry players were identified based on publicly available sources, such as the internet, published documents and industry directories. The following criteria was adopted in identifying comparable industry players based on publicly available sources:

- Companies that are involved in the distribution of food and beverage products in Sarawak; and/or
- Companies that are involved in the distribution of food and beverage products in Peninsular Malaysia.

^a Listed on the Main Market of Bursa Malaysia Securities Berhad

^b Listed on the ACE Market of Bursa Malaysia Securities Berhad

^c Listed on the LEAP Market of Bursa Malaysia Securities Berhad

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



^d May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

^e For information purposes, DKSH Holdings (Malaysian) Berhad, Fraser & Neave Holdings Berhad and Harrisons Holdings (Malaysia) Berhad are also involved in the distribution of food and beverage products. However, the financial performance of these companies were excluded from the table above as their Group revenues in the latest available financial year exceed RM1.0 billion.

Latest available as at 29 February 2024

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**9.1.1 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.

To minimise the disruptions, we have established close business relationships with our existing brand owners. For example, we have worked with brands such as Ayamas, Pertama and Farmcows for more than 20 years and brands such as Bega, Westgold, Figo and Knorr for 10 to 19 years, as well as brands such as Allana, Ramly, Promex and Farm's Best for 5 to 9 years, and have continued to work closely with them to increase their brands' awareness in the market. Please refer to Section 7.5 of this Prospectus for our track record in distributing selected brands of products. Further, our Group continually seeks for new agency rights to increase the brands and types of products for our distribution hence reducing our reliance on any particular brand. For the FYE 2023 and up to the LPD, we have secured 2 new agency rights.

Similarly, our Group will continuously source for alternative suppliers of frozen buffalo meats as well as frozen meats in the market, thereby reducing our reliance on any particular brand. Besides that, our Group will also continue to expand our product range as stated in Section 7.18 of this Prospectus to introduce new brands and products to the market.

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.

9.1.2 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 order to mitigate this risk, we carry out regular maintenance of our facilities and vehicles as well as timely replacement of parts which are subject to daily wear and tear. We have also obtained insurance coverage for our warehousing and cold-storage facilities as well as for our transportation vehicles, at levels customary to our industry as part of our mitigating factor and will continue to limit this risk through annual review of our insurance policies to ensure adequate insurance coverage.

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

9. RISK FACTORS (CONT'D)

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.

9.1.3 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 brand 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.

Some of the manufacturers of the products which we distribute provide us with a warranty on their products, the most common being a warranty that the products are free from manufacturing defects. The responsibility of a defective product lies on the manufacturer, and this includes defects in materials or ingredients, manufacturing or packaging, or arising from delivery of the products to our warehouse, of which the defective products shall be returned to the manufacturer. We are indemnified against all costs arising from public product liability claims due to the quality or use of the products. For damage claims, the manufacturer concerned would replace the defective products.

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.

9.1.4 We are subject to the risk of negative perception and publicity on our reputation and brands that we distribute

The reputation of consumer goods operators in the food and beverages distribution services industry is sensitive to public perception. For example, F&B Products that are consumed directly by the general public become contaminated, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases, thereby resulting in food poisoning or other illnesses. As such, any adverse public opinions on any products, brand or effects of any ingredients could have an impact on the affected operator, from manufacturers to distributors and up to retailers.

As a provider of market access and coverage of consumer products for third-party brands and our own brand, we may be exposed to potential reputation risk associated with third-party brands and / or our brand of products. For example, consumer goods operators may become a target of malicious sabotage or rumours intended to damage their reputation. In this respect, operators may experience harmful substances being maliciously introduced into an operator's products or subjected to market rumours based on unfounded claims of harm resulting from consuming an operator's products. These incidences of contamination, sabotage or rumours may have an adverse impact on the brand name, reputation and public perception of the operator, which in turn, may have a negative effect on the demand for their products. This may culminate in the recall of products from the market, and in addition, the operator may be subjected to administrative action by the relevant authorities. As a result, these types of incidences may have an adverse effect on the financial performance and prospects of an operator in the food and beverages distribution services industry.

9. RISK FACTORS (CONT'D)

In the Financial Years Under Review and up to the LPD, we have not experienced any recall of third-party brands or our own brand of products or been subjected to any administrative action by relevant authorities in relation to product contamination, sabotage or rumours. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

9.1.5 We may not be able to effectively implement some of our business strategies and plans

Our business strategies and plans include expanding our product range, distribution network and warehouse capacity. Please refer to Section 7.18 of this Prospectus for further information on our strategies and business plans.

The implementation of these business strategies and plans involves capital expenditure as well as other operating expenses such as depreciation charges, equipment maintenance costs and staff costs.

There is a risk that we may not be able to successfully implement our business strategies and plans promptly nor can we provide assurance that our business strategies will be commercially successful or that we will be able to anticipate and mitigate all the business and operational risks associated with our strategies.

Besides that, our financial performance may be adversely affected if we are not able to secure sufficient purchase orders from existing and / or new customers following the implementation of the above business strategies and plans due to the additional costs incurred or unforeseen economic and social conditions and events. Furthermore, any postponements or delays in implementing our business strategy and plans effectively and promptly may adversely affect our future financial performance.

As such, there is no assurance that the implementation of our business strategies and plans will be successful, nor will we be able to anticipate and mitigate all the risks and uncertainties that may arise during the implementation of these business strategies and plans, which may materially affect our business operations and financial performance.

9.1.6 We are dependent on our directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution of third-party brands and our own brand of products, as well as an understanding of our customers' needs and requirements. As such, any loss of our key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Please refer to Section 5 of this Prospectus for the profiles of our Board and key management personnel.

As part of our strategy to retain our employees, we offer competitive remuneration packages to our key management personnel. In addition, we provide a healthy working environment, practise good workplace culture and uphold work ethics to create a sense of belonging and foster good working relationships amongst our employees. We also provide training and career development opportunities for our employees.

In the Financial Years Under Review and up to the LPD, we have not experienced any loss of our key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

9. RISK FACTORS (CONT'D)

9.1.7 We are subject to the risk of potential penalty and / or disruption to our business for the delay in obtaining the necessary licenses

We are also dependent on our continued operations and any delays in obtaining or renewing the necessary licences, permits or registrations may affect the continued operations of our business, such as our trading licenses, permits to import, health certificates, halal certificates and halal accreditation or its equivalent for the importation of food and beverages. Our premises are also governed by the relevant laws and regulations in Malaysia (including land rules and building regulations).

As at the LPD, we have obtained all material licences, permits and registrations for our business operations and have complied with all conditions imposed therein. We have also complied with all the relevant laws and regulations in Malaysia (including land rules and building regulations) as well as the conditions set forth in our licences imposed by the relevant authorities. Please refer to Section 7.21 of this Prospectus for details of our major approvals, licences and permits.

The laws, regulations and policies of government bodies and agencies are subject to change, and changes in, or new interpretations of, applicable laws, regulations, standards or policies, or non-compliance with any applicable laws, regulations, standards and policies, which could have a material adverse effect on our registrations, licences, accreditations, operations or business costs. Notwithstanding, the findings of non-compliance with these laws, regulations standards and policies could also result in us being subject to fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food-related licences or other censures that could have a material adverse effect on our business, financial condition, results of operations and prospects, apart from product recalls for non-complying products or products being the subject of investigation or claims of non-compliance by the authorities. Should there be any subsequent modifications of, or additions or new restrictions to the current compliance standards, we may incur additional costs to comply with the new or modified standards, including possible product recalls which may adversely affect our business and financial performance.

In the Financial Years Under Review and up to the LPD, we have not experienced any fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food standard certification or other censures that has materially and adversely affected our business, financial condition and results of operations.

Whilst we continuously ensure compliance with relevant government regulations, there can be no assurance that any penalties, if imposed, will not have a material adverse impact on our financial performance in the future.

9.1.8 Our business may be affected by unforeseen external factors which may adversely affect our business operation and financial performance

Our Group may face disruptions in our business operations due to unforeseen external factors such as health epidemics, pandemics (such as the COVID-19 pandemic), natural disasters, flooding, civil commotion, sabotage, economic sanctions against the governments of countries where our suppliers are located and other calamities or events beyond our control. This would result in delayed delivery to our customers. Failure to meet our customers' expectations and make deliveries as required by our agreements with customers could damage our reputation and / or expose us to legal claims and may, as a result, lead to loss of business and affect our ability to attract new business. The unforeseen external factors such as fire and flooding could also damage our inventories. The COVID-19 pandemic or a future outbreak of infectious disease in any country where our suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, have and could disrupt the supply of raw materials, business operations and distribution networks for our products and increase our operational costs.

9. RISK FACTORS (CONT'D)

Any of such events could have a material adverse impact on our business, financial condition, results of operations and prospects.

9.1.9 We are subject to the risk of third-party companies bearing identical name with companies within our Group which may expose us to reputational risk if negative events arise

Our Group, widely known as 'Supreme', has brand value and recognition that have contributed significantly to the growth and success of our business. However, the 'Supreme' name is also used by our strategic partners located at Sibul and Bintulu, namely Fortune Supreme Food Supply (Sibu) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd, both of which are not related to our Group.

If these entities and / or their respective directors, management personnel and / or other employees conduct their business / take any action that may be attributed to the "Supreme" name or our corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged by any such directors, management personnel and / or employees, our brand image and reputation as well as our market value may be adversely affected. It may also discourage our suppliers from conducting business with us as a result of such negative events.

Nevertheless, our Group has also applied for trademark registration by submitting four (4) separate applications to MyIPO as per the table below:

<u>No.</u>	<u>Trademark no. / Registered Proprietor</u>	<u>Design / Mark</u>	<u>Status as at the LPD</u>
1.	2017014061 / Supreme Consolidated Resources Bhd	"Supreme" with "S"	Registered
<u>No.</u>	<u>Application no. / Applicant</u>	<u>Design / Mark</u>	<u>Status as at the LPD</u>
1.	TM2023026534 / Supreme Consolidated Resources Bhd	"Supreme" with "S"	Pending approval
2.	TM2023026537 / Supreme Consolidated Resources Bhd	"Supreme" "Premium Quality" "1983"	Pending approval
3.	TM2023039084 / Supreme Consolidated Resources Bhd	"Best Choice"	Pending approval

As at the LPD, the logo with the trademark no. 2017014061 has been successfully registered, and the certificates evidencing the registration were issued on 20 December 2018. The other three (3) trademarks applications with the "Supreme" brand and "Best Choice" brand are currently undergoing substantive examination and pending approval from MyIPO. Barring any unforeseen circumstances, the trademarks should be registered within 1 year from their respective date of filing of the application, but the actual duration may vary depending on the processing speed of MyIPO in approving the application.

As such, upon obtaining approvals for the other two (2) trademarks for the "Supreme" brand from MyIPO, our Group will be the sole owner of the "Supreme" trademark and any unauthorised usage of the "Supreme" brand by other entities such as its strategic partners for their business or products without permission of our Group may be subject to legal action being taken by our Group.

Please refer to Section 7.22 of this Prospectus for further information on the intellectual properties of our Group.

As at the LPD, we have not experienced any negative events, nor are we aware of any negative incidents from third-party companies bearing identical name with Supreme, that have negatively impacted our Group's name and brand.

9. RISK FACTORS (CONT'D)

9.1.10 There is no assurance that our insurance coverage would be adequate

As at the LPD, our Group has taken up the following insurance policies:

Types of insurance	Total sum insured (RM'000)
Fire	45,282
Money ⁽¹⁾	3,125
Public liability ⁽²⁾	1,100
Cargo for hauliers in transiting goods	500
Marine cargo	269
Burglary	260
Mobile and equipment	180
Fidelity guarantee ⁽³⁾	50
Total	50,766

Notes:

- (1) Money insurance covers loss, destroyed or damaged money while in transit or theft within our premises. Any locked safe, drawer, strong room or cash register and cabinets belonging to us and containing money is lost, destroyed or damaged as a result of burglary or any attempt thereat will also be cover.
- (2) Public liability insurance covers our legal liability to third party as a result of an accident happening during the period of cover in connection with our business operations and occurring within our business premises. This policy indemnifies us against all sums which we shall become legally liable to pay compensation in respect of accidental bodily injury to any person, and / or accidental loss or accidental damage to property.
- (3) Fidelity guarantee insurance is able to mitigate employee infidelity risk by providing indemnity to us against any direct pecuniary loss we may sustain through acts of fraud or dishonesty committed by any of the employees, such as forgery, embezzlement, larceny or false conversion of funds, money and securities belonging to us.

We also take insurance policies to cover goods in voyage, for which the sum insured depends on the value of goods being transported.

While we have insurance coverage for various aspects of our business, there is no assurance that it is sufficient to cover all losses, damages or liabilities that we may suffer in the course of our business operations. Any losses or damages in excess of our insured sum or in areas for which we are not insured at all could have an adverse effect on our business operations, financial performance and results of operations. In the Financial Years Under Review and up to the LPD, there has been no material insurance claims against us.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to the risk of fluctuation in the price and availability of commodities

Our Group distributes Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. Our Frozen and Chilled Food Products and Ambient F&B Products include commodities such as buffalo, beef, poultry, lamb and seafood. The market prices of raw materials used to produce Frozen and Chilled Food Products and Ambient F&B Products are subject to global fluctuations in price.

9. RISK FACTORS (CONT'D)

Such fluctuations are attributable to, among other things, inflation, changes in the supply and demand of crops or other commodities, the weather and growing conditions as well as government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agriculture commodities, including meats, seafood and oils can be volatile. Additionally, epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short-term. These fluctuations may adversely affect our Group's suppliers, who could be forced to raise their prices for our Group's products.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. Save for FYE 2022, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact to our financial performance during the Financial Years Under Review and up to the LPD.

9.2.2 Our business is subjected to shipping disruptions and fluctuation in shipping and freight rates

A significant portion of our purchases are sourced from suppliers located overseas and thus we rely heavily on marine and air transportation to deliver these supplies to us. Hence, we are exposed to shipping and freight disruptions that may arise as a result of adverse weather, conditions, political turmoil, social unrest, port strikes, oil spills, delayed or lost shipments, which in turn may have an adverse impact on our business operations. In addition, any major fluctuation in shipping and freight rates may have an impact on our cost and our GP margins if we are unable to pass on such increase in costs to our customers by raising selling prices.

In 2020, we faced delays in obtaining products from our oversea suppliers due to supply chain disruptions arising from the COVID-19 pandemic. However, we were not materially impacted by the disruptions as we keep 2 months of inventory as our Group's standard practice.

Save for the above, our Group has not experienced any major shipping and freight disruptions or any major increases in shipping and freight rates. Nonetheless, there can be no assurance that we will not experience any major shipping and freight disruption or any major increase in shipping and freight rates in the future, the occurrence of which could in turn, adversely impact our business, financial condition and results of operations.

9.2.3 We operate in a competitive environment

Our Group operates in a fragmented and competitive distribution market, focusing on the distribution of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products. We face competition from other providers of market access and coverage of consumer products in these markets. Our competitors may distribute similar products or have wider range of product mix and categories. In the event of any failure to compete with our competitors, it would have an adverse effect on our financial performance.

However, we believe that our Group possesses the necessary competitive advantages to distinguish ourselves, such as our wide range of products in our focused segments from established brands, wide distribution network, proven track record in the industry as well as experienced key management personnel, thus allowing us to compete effectively within the industry and continue growing our business.

Please refer to Section 7.5 of this Prospectus for further details of our Group's competitive advantages and key strengths.

9. RISK FACTORS (CONT'D)

9.2.4 We are exposed to foreign currency fluctuation risk

The breakdown of our revenue by currencies in the Financial Years Under Review are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
RM	186,273	99.34	208,821	99.46	197,745	99.05
USD ⁽¹⁾	1,229	0.66	1,132	0.54	1,898	0.95
Total revenue	187,502	100.00	209,953	100.00	199,643	100.00

Note:

(1) Revenues generated from customers in Myanmar and Singapore.

Our Group's purchases mainly comprise third-party brands of Frozen and Chilled Food Products and Ambient F&B Products which are denominated in RM, USD, AUD, Euro and others. The breakdown of our purchases by currencies in the Financial Years Under Review are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
USD	96,633	58.65	113,473	68.40	90,697	59.65
RM	48,160	29.23	43,318	26.11	46,545	30.61
AUD	16,301	9.89	7,445	4.49	11,542	7.59
Euro	2,069	1.26	1,663	1.00	2,637	1.73
Others ⁽¹⁾	1,607	0.97	-	-	634	0.42
Total purchases	164,770	100.00	165,899	100.00	152,055	100.00

Note:

(1) Others include purchases in RMB, SGD, BND and NZD.

As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuation in foreign currency rates may have an adverse impact on our financial performance. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. Overall, our foreign exchange gains and losses for the Financial Years Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023
Foreign exchange (loss) / gain	RM'000	RM'000	RM'000
Realised	(9)	(45)	65

In order to mitigate the risk, we will continuously monitor the foreign currency fluctuation. However, despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have a material adverse impact on the financial performance of our Group.

9. RISK FACTORS (CONT'D)

9.2.5 We face the risk of inflation which may reduce demand for our products

We operate in a consumer market that is price sensitive caused by among others, inflation rates. An increase in the inflation rate, if not matched with increases in salaries and wages may result in consumers having less discretionary income, thus reducing the demand for our products. As a result of inflation, it may also give rise to the impact of increasing our operating costs including product costs, operating expenses as well as labour costs. If we are unable to pass the increase in costs without negatively affecting demand for our products, it may affect our business operations and financial performance.

However, our Group carries a wide range of products in the market whereby consumers may select different products to fit their budgetary requirements. These choices include, among others, switching to lower priced brands, buying a smaller quantity and / or switching to locally made products. However, despite our efforts to expand our product range, there can be no assurance that any future fluctuation in inflation rates will not have a material adverse impact on the financial performance of our Group.

9.2.6 We are subject to political, social, economic and regulatory risks

Any changes and / or developments in political, social, economic and regulatory conditions would adversely affect our business and financial performance. These risks include changes in political leadership, changes in foreign exchange rate policy, changes in government policies such as introduction of new regulations, import restrictions and duties, export restrictions and duties, and imposition of quota for importation of frozen meat. These events are beyond our control, and the occurrence of one or more of these events may affect our business operations and financial performance.

Notwithstanding the above, we have not experienced adverse or material changes in political, social, economic and regulatory conditions which have had material impact on our business in the past. However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not affect our Group's businesses in the future.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**9.3.1 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing may be aborted or delayed should any of the following occur:

- (i) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and / or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

9. RISK FACTORS (CONT'D)

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.2 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus, the market price of our Shares may be subject to fluctuations.

9.3.3 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from the subsidiaries within our Group.

Since our listing on the LEAP Market, our Group has consistently paid dividends to our shareholders. Prior to our listing on the LEAP Market, our Group also has a proven track record of paying dividends to our shareholders. In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves, capital expenditure plans and compliance with regulatory requirements. In the Financial Years Under Review and up to the LPD, the dividends declared and paid out by our Company are 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)
Dividends declared	4,020	3,516	3,504	2,484
Dividends paid	4,020	3,516	3,504	2,484

Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future due to factors beyond our control or our capital expenditure plans. Please refer to Section 12.15 of this Prospectus for further information on our dividend policy.

9.3.4 Impairment of goodwill

In accordance with MFRS 3 Business Combinations, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The goodwill is not amortised and is tested for impairment at the end of every financial year. When the carrying amount of the goodwill exceeds its fair value, an impairment loss is recognised in an amount equal to the excess. The impairment loss will be reflected in the statements of profit and loss for the year it is recognised.

9. RISK FACTORS (CONT'D)

The goodwill in our Group remained at RM21.99 million throughout the Financial Years Under Review. The goodwill is subjected to review every financial year which may result in impairment in the event the carrying amount of the goodwill exceeds its fair value. This may have a material adverse effect on our Group's results of operations or its financial position.

9.3.5 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 64.05% of our enlarged issued share capital upon Listing. Therefore, our Promoters will be able to effectively control the business direction and management of our Group and may have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting either by law and / or by the relevant regulations and / or authorities.

Nevertheless, as a step towards good corporate governance, our appointed Independent Non-Executive Directors and our Audit and Risk Management Committee will scrutinise all transactions in which there is potential conflict of interest situation arising from the interests of our Promoters, substantial shareholders and / or Director and to ensure that any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

Save as disclosed below, there are no other related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and / or persons connected with them for the Financial Years Under Review and up to the LPD:

(i) Between SCRB and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Mucow Sdn Bhd	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is a director and a substantial shareholder of Mucow Sdn Bhd. 	Purchase of live cattles by SCRB from Mucow Sdn Bhd ⁽¹⁾	-	-	15 (represents 0.15% of our Group's expenses)	-
	<p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He is a director and a substantial shareholder of Mucow Sdn Bhd. 					

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Lim Ah Ted	<p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 	Acquisition of the entire issued shares by SCRIB in Supreme Trading ⁽²⁾	-	-	1 (represents 0.001% of our Group's NA)	-
	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 					

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) *Mucow Sdn Bhd is in the business of rearing cows and goats and also in the production of dairy products. Our Company has purchased two live cattles for the purpose of the local communities' celebration of the festival of Hari Raya Haji. This transaction is non-recurring in nature and were deemed to be carried out on arms' length basis because the consideration was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related party than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (2) *Pursuant to an Agreement for Sale and Purchase of Shares dated 11 May 2023 involving the disposal of 100 ordinary shares representing the entire issued shares in Supreme Trading at the consideration sum of RM1,000.00 to SCRB, which was completed on 31 May 2023. The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration of the audited net assets of Supreme Trading as at 30 September 2022 of RM1,331.00.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) Between SCS and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
WHTS Resources Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and director of WHTS Resources Sdn Bhd. 	Sales of F&B Products by SCS to WHTS Resources Sdn Bhd ⁽¹⁾	34 (represents 0.02% of our Group's revenue)	76 (represents 0.04% of our Group's revenue)	70 (represents 0.04% of our Group's revenue)	32

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Mandarin Express Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also a director and an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which is the controlling shareholder of BNDM which in turn is the controlling shareholder of WHTS Resources Sdn Bhd, of Mandarin Express Sdn Bhd. 	Sales of F&B Products by SCS to Mandarin Express Sdn Bhd ⁽²⁾	(3) -	-	-	-
My Green Integrated Farming (M) Sdn Bhd (formerly known as Supreme Integrated Farming (M) Sdn Bhd) ("My Green")	<ul style="list-style-type: none"> - Lim Ah Ted is a Promoter and a major shareholder of our Company. - He is also a director and a substantial shareholder of My Green. 	Purchase of vegetables by SCS from My Green ⁽⁴⁾	-	-	4	4

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Borneo Gourmet Sdn Bhd	<ul style="list-style-type: none"> - Lim Ah Ted is a Promoter and a major shareholder of our Company. - He is also a substantial shareholder of Borneo Gourmet Sdn Bhd. 	Sales of F&B Products by SCS to Borneo Gourmet Sdn Bhd ⁽⁵⁾	-	-	2 (represents 0.001% of our Group's revenue)	1

Notes:

- (1) *WHTS Resources Sdn Bhd is in the business of operation of a restaurant. SCS has generated sales by selling frozen duck, lamb shoulder, and other food products to WHTS Resources Sdn Bhd. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (2) *Mandarin Express Sdn Bhd is in the business of operation of a restaurant. However, it has ceased operations since October 2022 and is now dormant. SCS has generated sales by selling chicken nuggets and french fries to Mandarin Express Sdn Bhd. This transaction is non-recurring in nature and will subsist in the future. This transaction was deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (3) *Value less than RM1,000.00.*
- (4) *My Green is in the business of livestock farming and cultivation of agricultural produce. SCS has purchased vegetables from My Green for the purpose of preparation of meals for its employees. This transaction is recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (5) *Borneo Gourmet Sdn Bhd is in the business of supply and storage of non-Halal food products comprising frozen pork. SCS has generated sales by selling dory fish fillet to Borneo Gourmet Sdn Bhd. This transaction was on an ad-hoc basis, non-recurring in nature and was deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and is not detrimental to the non-interested shareholders.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

(iii) Between SFS and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Supreme Trading	Lim Ah Ted - He is a Promoter and a major shareholder of our Company. - He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading.	(i) Sale of aluminium foil by SFS to Supreme Trading ⁽²⁾	40 (represents 5.78% of our Group's other income)	-	-	-
		(ii) Provision of manpower services by SFS to Supreme Trading ⁽³⁾	32 (represents 4.62% of our Group's other income)	37 (represents 6.98% of our Group's other income)	-	-
		Dato Richard Wee - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading.	(iii) Purchase of motor vehicles by SFS from Supreme Trading ⁽⁴⁾	125 (represents 0.16% of our Group's other NA)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
My Green	<ul style="list-style-type: none"> - Lim Ah Ted is a Promoter and a major shareholder of our Company. - He is also a director and a substantial shareholder of My Green. 	Procurement of manpower for grass cutting service by SFS from My Green ⁽⁵⁾	-	-	32 (represents 0.33% of our Group's expenses)	18
WHTS Resources Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM, and a director of WHTS Resources Sdn Bhd 	Sales of F&B Products by SFS to WHTS Resources Sdn Bhd ⁽⁶⁾	1 (represents 0.0005% of our Group's revenue)	3 (represents 0.001% of our Group's revenue)	4 (represents 0.002% of our Group's revenue)	4

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
EPT Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director and a shareholder of EPT Sdn Bhd at the time of the transaction. 	Purchase of Lot 1476 Block 12 Muara Tebas Land District and other assets attached to it by SFS from EPT Sdn Bhd ⁽⁷⁾	1,500 (represents 1.94% of our Group's NA)	-	-	-

Notes:

- (1) On 31 May 2023, SCRB has acquired the 100% equity interest in Supreme Trading for a purchase consideration of RM1,000 comprising 100 ordinary shares at RM10.00 each. Subsequently, it has become a subsidiary of our Company and transactions with Supreme Trading after 31 May 2023 will no longer be considered as related party transactions.
- (2) SFS has disposed off aluminium foil to Supreme Trading. This aluminium foil is used for the storage of food products. This transaction is non-recurring in nature and was not made on an arms' length basis. The consideration was fixed at lower than the market price due to this transaction was entered into for the purpose of clearance of the aluminium foil, which is an obsolete stock and was no longer needed by SFS. Besides that, at the point of transaction in FYE 2021, the age of the aluminium foil was already approximately 3 years.
- (3) Supreme Trading has procured manpower services from SFS for the purpose of its sales and delivery services department. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders. However, Supreme Trading is now a subsidiary within our Group. Thus, such transactions will not be considered as related party transactions in the future.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (4) *Supreme Trading has disposed off 2 panel vans to SFS for the purpose of its transportation usages. These transactions are non-recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (5) *SFS has procured the grass cutting services for the office compound at both Lot 919 and Lot 842 from My Green on a monthly basis where My Green will issue invoice to SFS after the completion of the grass cutting services every month. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (6) *WHTS Resources Sdn Bhd is in the business of operation of a restaurant. SFS has generated sales by selling frozen duck, lamb shoulder, and others to WHTS Resources Sdn Bhd. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (7) *Pursuant to a Sale and Purchase Agreement dated 14 October 2020 involving the acquisition of Lot 1476 Block 12 Muara Tebas Land District ("**Lot 1476**") with a 2-storey semi-detached building for industrial, office, store and watchman's quarters together with machines, equipment, chiller and others thereon, by SFS at the consideration sum of RM1,500,000.00, and which was completed following the registration of transfer of legal ownership to SFS on 15 March 2021. The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of RM1,350,000.00 for Lot 1476 by Henry Butcher Malaysia (Sarawak) Sdn Bhd on 3 August 2020. The balance of the RM150,000.00 was for the cold room freezer and refrigeration system which are attached to it. The consideration of RM150,000.00 was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

(iv) Between BFL and the transacting party

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Supreme Trading	<p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 	<p>Purchase of aluminium foil by BFL from Supreme Trading ⁽¹⁾</p>	1 (represents 0.01% of our Group's expenses)	-	-	-
	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 					

10. RELATED PARTY TRANSACTIONS (CONT'D)

Note:

- (1) *BFL has purchased aluminium foil from Supreme Trading. This transaction is non-recurring in nature and was deemed to be carried out on arms' length basis because the consideration was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.2 Summary of related party transactions entered by our Group

Below is a summary of the related party transactions listed in Section 10.1.1 of this Prospectus aggregated on the basis that such transactions have been entered into by our Group with the same related parties:

Transacting parties	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD
		FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Mucow Sdn Bhd	Purchase of live cattles by SCRB from Mucow Sdn Bhd	-	-	15 (represents 0.15% of our Group's expenses)	-
Lim Ah Ted	Acquisition of the entire issued shares by SCRB in Supreme Trading	-	-	1 (represents 0.001% of our Group's NA)	-
WHTS Resources Sdn Bhd	• Sales of F&B Products by SCS to WHTS Resources Sdn Bhd	34 (represents 0.02% of our Group's revenue)	76 (represents 0.04% of our Group's revenue)	70 (represents 0.04% of our Group's revenue)	32
	• Sales of F&B Products by SFS to WHTS Resources Sdn Bhd	1 (represents 0.0005% of our Group's revenue)	3 (represents 0.001% of our Group's revenue)	4 (represents 0.002% of our Group's revenue)	4
Mandarin Express Sdn Bhd	Sales of F&B Products by SCS to Mandarin Express Sdn Bhd	(1) -	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD
		FYE 2021	FYE 2022	FYE 2023	
		(RM'000)	(RM'000)	(RM'000)	
My Green	• Purchase of vegetables by SCS from My Green	-	-	4 (represents 0.04% of our Group's expenses)	4
	• Procurement of manpower for grass cutting service by SFS from My Green	-	-	32 (represents 0.33% of our Group's expenses)	18
Borneo Gourmet Sdn Bhd	Sales of F&B Products by SCS to Borneo Gourmet Sdn Bhd	-	-	2 (represents 0.001% of our Group's revenue)	1

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of transaction and purpose	Transaction value			Between 1 October 2023 and the LPD
		FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	
Supreme Trading	• Sales of aluminium foil by SFS to Supreme Trading	(2) 40 (represents 5.78% of our Group's other income)	-	-	-
	• Provision of manpower services by SFS to Supreme Trading	32 (represents 4.62% of our Group's other income)	37 (represents 6.98% of our Group's other income)	-	-
	• Purchase of motor vehicles by SFS from Supreme Trading	125 (represents 0.16% of our Group's other NA)	-	-	-
	• Purchase of aluminium foil by BFL from Supreme Trading	1 (represents 0.01% of our Group's expenses)	-	-	-
EPT Sdn Bhd	Purchase of Lot 1476 Block 12 Muara Tebas Land District and other assets attached to it by SFS from EPT Sdn Bhd	1,500 (represents 1.94% of our Group's NA)	-	-	-

Notes:

(1) Value less than RM1,000.00.

(2) SFS has disposed off aluminium foil to Supreme Trading. This aluminium foil is used for the storage of food products. This transaction is non-recurring in nature and was not made on an arms' length basis. The consideration was fixed at lower than the market price due to this transaction was entered into for the purpose of clearance of the aluminium foil, which is an obsolete stock and was no longer needed by SFS. Besides that, at the point of transaction in FYE 2021, the age of the aluminium foil was already approximately 3 years.

10. RELATED PARTY TRANSACTIONS (CONT'D)

Our Directors are of the opinion that, save for the sale of the aluminium foil by SFS to Supreme Trading in FYE 2021 in relation to the disposal of an obsolete stock, the related party transactions were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and / or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing and in accordance with the ACE Market Listing Requirements, our Company will be required to seek our shareholders' approval each time our Company enters into a material related party transaction. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, among others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action, as set out in Section 10.2 of this Prospectus. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and major shareholders, and / or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of his direct and / or indirect shareholdings. Such interested Director and / or major shareholders will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.1.2 Transactions entered into that are unusual in their nature or conditions

There were no transactions entered into that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we or any of our Subsidiaries were a party to in respect of the Financial Years Under Review and up to the LPD and for the subsequent financial period immediately preceding the date of this Prospectus.

10.1.3 Advances and / or loans made to or for the benefit of related parties

There were no advances and / or loans made to or for the benefit of related parties by our Group during the Financial Years Under Review and up to the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions to ensure no conflicts of interest arise within our Company or our Group. Our Audit and Risk Management Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost / benefit to our Company is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, some of our Directors and / or major shareholders are also directors and in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions shall be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Group, on arm's length basis and are based on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the ACE Market Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, amongst others, the following:

- (i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS OR CONFLICT OF INTEREST

As at the LPD, none of our Directors and / or substantial shareholders of our Group have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group or which are the customers and / or suppliers of our Group save and except as disclosed below:

No.	Corporation(s)	Nature	Principal activities	Nature of interest
1.	Borneo Gourmet Sdn Bhd	Similar business as that of our Group	Supply and storage of food products	Lim Ah Ted is our Promoter and major shareholder. He is also a substantial shareholder of Borneo Gourmet Sdn Bhd
2.	Asfine Marketing Sdn Bhd	Similar business as that of our Group	General trading in frozen products and dry food	Tan Chiew Ting is our substantial shareholder. He is also a director and a substantial shareholder of Asfine Marketing Sdn Bhd.
3.	Ting & Ling Trading Sdn Bhd	Similar business as that of our Group	General trading	Tan Chiew Ting is our substantial shareholder. He is also a director and a substantial shareholder of Ting & Ling Trading Sdn Bhd.
4.	WHTS Resources Sdn Bhd	Customer of our Group	Operation of a restaurant and investment holding	Dato Richard Wee is our Promoter, an indirect major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and our Non-Independent Executive Chairman. He is also a director and an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and a director of WHTS Resources Sdn Bhd.
5.	My Green Integrated Farming (M) Sdn Bhd (formerly known as Supreme Integrated Farming (M) Sdn Bhd) (" My Green ")	Supplier of our Group	Livestock farming and cultivation of agricultural produce	Lim Ah Ted is our Promoter and major shareholder. He is also a director and a substantial shareholder of My Green.

11. CONFLICT OF INTEREST (CONT'D)

Our Board is of the view that the above interests do not give rise to a conflict of interest situation, on the following basis:

(i) Borneo Gourmet Sdn Bhd (“BGSB”)

BGSB only trades in non-Halal frozen pork products, of which our Group is not involved in.

Further, Lim Ah Ted who is a major shareholder of our Company is not a director of BGSB and is not involved in the day-to-day operations of BGSB. He holds equity interest in this company mainly for investment purpose only.

(ii) Asfine Marketing Sdn Bhd (“AMSB”)

AMSB supplies frozen food in its principal business of general trading in frozen products and dry food.

Tan Chiew Ting is a substantial shareholder of our Company but he does not hold any directorship in our Group, and is not involved in the administration, management and operations of our Group. While Tan Chiew Ting was identified as one of the promoters during the LEAP Market listing of our Company, Tan Chiew Ting no longer considers himself as a promoter of our Company. His only involvement in our Group is through his shareholding in our Company.

(iii) Ting & Ling Trading Sdn Bhd (“TLTSB”)

The principal business of TLTSB is general trading.

Tan Chiew Ting is a substantial shareholder of our Company but he does not hold any directorship in our Group, and is not involved in the administration, management and operations of our Group. While Tan Chiew Ting was identified as one of the promoters during the LEAP Market listing of our Company, Tan Chiew Ting no longer considers himself as a promoter of our Company. His only involvement in our Group is through his shareholding in our Company.

(iv) WHTS Resources Sdn Bhd (“WHTS”)

The principal business of WHTS is operation of a restaurant and investment holding.

Dato Richard Wee’s involvement in WHTS is mitigated given that it is only in the business of operation of a restaurant, which our Group is not involved in. Further, Dato Richard Wee is not involved in the day-to-day operations of the business activities of WHTS and he also employs a competent management team to manage the daily operations of WHTS. He holds equity interest in this company mainly for investment purpose only.

(v) My Green

The principal business of My Green is livestock farming and cultivation of agricultural produce.

Lim Ah Ted’s involvement in My Green is mitigated given that it is only in the business of livestock farming and cultivation of agricultural produce, which our Group is not involved in. Further, Lim Ah Ted is not involved in the day-to-day operations of the business activities of My Green and he also employs a competent management team to manage the daily operations of My Green. He holds equity interest in this company mainly for investment purpose only.

11. CONFLICT OF INTEREST (CONT'D)

11.2 MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST

Upon Listing, our Board and our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and all Directors, substantial shareholders and key senior management will disclose such conflict of interest situations, if any, to our Audit and Risk Management Committee for resolution as and when they arise.

In order to mitigate any possible conflict of interest situation, our Directors, substantial shareholders and key senior management will declare to our Board and our Audit and Risk Management Committee of their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Audit and Risk Management Committee will then evaluate if such involvement by our Directors, substantial shareholders and key senior management gives rise to a potential conflict of interest situation with our Group's business. When a determination has been made that there is a conflict of interest of a Director(s), substantial shareholder(s) and / or key senior management, our Audit and Risk Management Committee will:

- (i) immediately inform our Board of the conflict of interest situation; and
- (ii) make recommendations to our Board to direct the conflicted Director(s), substantial shareholder(s) and / or key senior management to:
 - (a) withdraw from all his / her executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director and / or substantial shareholder is an Executive Director). After his / her withdrawal, he / she will remain in the said executive position to perform his / her executive role in matters that will not give rise to conflict of interest situation; and
 - (b) abstain from all Board deliberation and involvements in matters where he / she has a conflict of interest situation. The conflicted Director(s) shall also abstain from any Board discussions relating to the recommendation of our Audit and Risk Management Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director(s) may however, at the request of our Audit and Risk Management Committee, be present at our meeting for the purposes of answering any questions. The conflicted Director(s) shall also abstain from voting in respect of his / her direct / indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened.

In circumstances where a Director is deemed to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his / her fiduciary duties and responsibilities to our Group, our Nomination and Remuneration Committee may determine if the resignation of the conflicted Director from our Board will be appropriate and necessary.

- (iii) to identify the person(s) connected to the conflicted Director, substantial shareholder and / or key senior management (if any) and review any business dealings with such person(s) to establish whether a conflict of interest situation arises. Thereafter, the conflicted Director, substantial shareholder and / or key senior management shall undertake to ensure that persons connected to him / her shall abstain from voting in respect of their direct / indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened. Our Audit and Risk Management Committee shall also continue to monitor such business dealings to ensure that they are conducted on arms' length basis and based on terms that are favourable to our Group.

11. CONFLICT OF INTEREST (CONT'D)

11.3 DECLARATION BY EXPERTS

11.3.1 Declaration by Kenanga IB

Kenanga IB confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

11.3.2 Declaration by Ariffin, Lai & Kan Advocates (Kuching)

Ariffin, Lai & Kan Advocates (Kuching) confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors as to Malaysian law in respect of our IPO.

11.3.3 Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.3.4 Declaration by Providence Strategic Partners Sdn Bhd

Providence confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of our Group for the Financial Years Under Review. The consolidated financial statements have been prepared in accordance with MFRS and IFRS and should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, please see Note 3 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.1.1 Consolidated statements of profit or loss and other comprehensive income of our Group

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Revenue	187,502	209,953	199,643
Cost of sales	(165,742)	(187,953)	(175,781)
GP	21,760	22,000	23,862
Other income	692	530	644
Administrative expenses	(9,609)	(9,557)	(9,794)
Finance costs	(1,341)	(1,421)	(1,422)
Net impairment losses on financial assets	(621)	(158)	(408)
PBT	10,881	11,394	12,882
Income tax expense	(3,235)	(3,235)	(3,664)
PAT / Total comprehensive income	7,646	8,159	9,218
PAT / Total comprehensive income attributable to:			
- Owners of our Company	7,646	8,159	9,218
EBITDA ⁽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 (%) ⁽³⁾	4.08	3.89	4.62
Basic and diluted EPS (sen) ⁽⁴⁾	6.37	6.80	7.68

Notes:

(1) EBITDA is computed as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
PAT	7,646	8,159	9,218
Less:			
Interest income	(101)	(57)	(75)
Add:			
Taxation	3,235	3,235	3,664
Depreciation	1,920	2,748	2,580
Amortisation	56	56	22
Finance costs	1,341	1,421	1,422
EBITDA	14,097	15,562	16,831

(2) Computed based on GP over revenue.

(3) PBT margin and PAT margin are calculated based on the respective PBT and PAT for the Financial Years Under Review divided by revenue.

12. FINANCIAL INFORMATION (CONT'D)

- (4) *Calculated based on PAT divided by our issued share capital of 120,000,000 Shares in issue. Our Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.*

12.1.2 Consolidated statements of financial position of our Group

	Audited as at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	27,287	25,954	24,206
Investment properties	1,563	1,532	1,501
Right-of-use assets	7,472	7,253	7,044
Intangible assets	78	22	-
Goodwill	21,992	21,992	21,992
Total non-current assets	58,392	56,753	54,743
Current assets			
Inventories	32,097	29,177	25,191
Trade receivables	24,470	32,311	27,816
Other receivables, deposits and prepayments	1,769	413	341
Short-term investments	2,562	1,601	1,652
Current tax assets	683	1,467	207
Fixed deposit with licensed banks	1,573	1,373	1,400
Cash and bank balances	11,416	16,229	13,308
Total current assets	74,570	82,571	69,915
TOTAL ASSETS	132,962	139,324	124,658
EQUITY AND LIABILITIES			
Equity attributable to owners of our Company			
Share capital	59,867	59,867	59,867
Retained earnings	17,651	22,294	28,007
TOTAL EQUITY	77,518	82,161	87,874
LIABILITIES			
Non-current liabilities			
Bank borrowings	8,623	6,940	5,246
Deferred tax liability	726	745	562
Total non-current liabilities	9,349	7,685	5,808
Current liabilities			
Bank borrowings	37,646	41,859	23,370
Trade payables	4,448	3,601	3,466
Other payables and accrued expenses	3,949	3,409	4,015
Current tax liabilities	52	609	125
Total current liabilities	46,095	49,478	30,976
TOTAL LIABILITIES	55,444	57,163	36,784
TOTAL EQUITY AND LIABILITIES	132,962	139,324	124,658
Number of Shares in issue ('000)	120,000	120,000	120,000
NA (RM'000)	77,518	82,161	87,874
NA per Share (sen)	64.60	68.47	73.23

12. FINANCIAL INFORMATION (CONT'D)**12.1.3 Consolidated cash flow statements of our Group**

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Cash flows from operating activities			
PBT	10,881	11,394	12,882
Adjustments for:			
Amortisation of intangible assets	56	56	22
Bad debts written off	13	17	5
Depreciation:			
- investment properties	31	31	31
- property, plant and equipment	1,678	2,498	2,340
- right-of-use assets	211	219	209
Finance costs	1,341	1,421	1,422
Impairment losses on trade receivables	726	968	1,399
Intangible assets written off	6	-	-
Inventories written off, net of reversal	2,564	2,047	837
Property, plant and equipment written off	#	7	3
Bad debts recovered	-	(6)	(2)
Dividend income from short-term investments	(62)	(39)	(51)
Gain on bargain purchase	-	-	(2)
Gain on disposal of property, plant and equipment	(139)	#	(5)
Interest income	(101)	(57)	(75)
Reversal of impairment loss on trade receivables	(105)	(810)	(991)
Operating profit before changes in working capital	17,100	17,746	18,024
<u>Changes in working capital:</u>			
(Increase) / Decrease in inventories	(19,326)	873	3,275
(Increase) / Decrease in trade and other receivables	(3,671)	(6,654)	4,189
(Decrease) / Increase in trade and other payables	(201)	(1,387)	317
Cash (for) / from operations	(6,098)	10,578	25,805
Income tax paid	(3,480)	(3,443)	(4,432)
Income tax refunded	-	-	1,136
Real property gain tax refunded	-	-	225
Interest paid	(1,341)	(1,421)	(1,422)
Interest received	101	57	75
Net cash (for) / from operating activities	(10,818)	5,771	21,387
Cash flows for investing activities			
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	-	(4)
Purchase of property, plant and equipment	(4,475)	(1,175)	(597)
(Purchase) / Disposal of short-term investments	(2,500)	1,000	-
Proceeds from disposal of property, plant and equipment	267	2	9
Withdrawal of / (Additions of) fixed deposits with tenure more than 3 months	983	52	(23)
Net cash for investing activities	(5,725)	(121)	(615)
Cash flows from / (for) financing activities			
Dividend paid	(4,020)	(3,516)	(3,504)
Increase / (Decrease) in bankers' acceptances	13,806	5,194	(24,225)
Drawdown of term loans	2,066	-	-
Repayment of hire purchase obligations	(110)	(140)	(87)
Repayment of term loans	(2,133)	(1,679)	(1,614)
Withdrawal of / (Additions to) pledged fixed deposits	1,525	148	(3)
Net cash from / (for) financing activities	11,134	7	(29,433)

12. FINANCIAL INFORMATION (CONT'D)

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net (decrease) / increase in cash and cash equivalents	(5,409)	5,657	(8,661)
Cash and cash equivalents at the beginning of the financial year	15,788	10,379	16,036
Cash and cash equivalents at the end of the financial year	10,379	16,036	7,375
Cash and cash equivalents comprise:			
Fixed deposits with licensed banks	1,573	1,373	1,400
Cash and bank balances	11,416	16,229	13,308
Bank overdrafts	(1,068)	(224)	(5,966)
	11,921	17,378	8,742
Less: Fixed deposits pledged to licensed banks	(253)	(105)	(107)
Less: Fixed deposits with tenure of more than 3 months	(1,289)	(1,237)	(1,260)
Cash and cash equivalents	10,379	16,036	7,375

Less than RM500

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12. FINANCIAL INFORMATION (CONT'D)

12.2 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 31 January 2024, which has been adjusted for the effect of the Public Issue including the utilisation of proceeds.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 January 2024 and is provided for illustrative purposes only.

	<u>Unaudited</u>	<u>Pro Forma I</u>	<u>Pro Forma II</u>	<u>Pro Forma III</u>
	<u>As at 31 January 2024</u>	<u>After Bonus Issue of Shares</u>	<u>After Pro Forma I and Public Issue</u>	<u>After Pro Forma II and utilisation of proceeds</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Indebtedness				
<u>Current</u>				
<i>Secured and guaranteed:</i>				
Bank overdrafts	2,093	2,093	2,093	2,093
Bankers' acceptance	28,893	28,893	28,893	28,893
Term loans	1,652	1,652	1,652	1,652
<i>Secured and unguaranteed:</i>				
Hire purchase payables	34	34	34	34
<u>Non-Current</u>				
Secured and guaranteed:				
Term loans	4,657	4,657	4,657	4,657
<i>Secured and unguaranteed:</i>				
Hire purchase payables	47	47	47	47
Total indebtedness	37,376	37,376	37,376	37,376
Total capitalisation	88,830	88,830	[•]	[•]
Total capitalisation and indebtedness	126,206	126,206	[•]	[•]
Gearing ratio (times) ⁽¹⁾	0.42	0.42	[•]	[•]

Note:

(1) Computed based on total indebtedness over total capitalisation.

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12. FINANCIAL INFORMATION (CONT'D)**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our Group's financial conditions and results of operations for the Financial Years Under Review should be read with the Accountants' Report as set out in Section 13 of this Prospectus.

12.3.1 Overview of our business

Our Group provides market access and coverage for consumer products mainly in Sarawak and Sabah, where we are principally involved in the distribution of a wide range of third-party brands as well as our own brands of Frozen and Chilled Food Products and Ambient F&B Products. In 2023, we expanded into the distribution of Non-F&B Products in Sarawak and Sabah.

Our range of Frozen and Chilled Food Products include, but are not limited to, frozen meats, frozen seafood, frozen vegetables, frozen butter and cheese, while our range of Ambient F&B Products include, but are not limited to, cream, milk, pasta, juices, bread, seasonings and dressings. Our Non-F&B Products include cleaning and hygiene products such as detergents and oral care products.

12.3.2 Significant factors materially affecting our operations and financial results

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

(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, representing 94.91%, 94.58% and 93.57% of our Group's revenue in FYE 2021, FYE 2022 and FYE 2023, respectively. Further, our procurement of frozen buffalo meat from Allanasons Private Limited contributed 21.51%, 27.18% and 23.38% of our total purchases in FYE 2021, FYE 2022 and FYE 2023, respectively. Any material disruptions in our business dealings with third-party brand owners may affect our business and financial performance.

For 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.

For 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

12. FINANCIAL INFORMATION (CONT'D)

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.

For 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.

(iv) We are subject to the risk of negative perception and publicity on our reputation and brands that we distribute

The reputation of consumer goods operators in the food and beverages distribution services industry is sensitive to public perception. For example, F&B Products that are consumed directly by the general public become contaminated, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases, thereby resulting in food poisoning or other illnesses. As such, any adverse public opinions on any products, brand or effects of any ingredients could have an impact on the affected operator, from manufacturers to distributors and up to retailers.

For the Financial Years Under Review and up to the LPD, we have not experienced any recall of third-party brands or our own brands of products or been subjected to any administrative action by relevant authorities in relation to product contamination, sabotage or rumours. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

(v) We are dependent on our directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution of third-party brands and our own brands of products, as well as an understanding of our customers' needs and requirements. As such, any loss of our key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Please refer to Section 5 of this Prospectus for the profiles of our Board and key management personnel.

For the Financial Years Under Review and up to the LPD, we have not experienced any loss of our key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

12. FINANCIAL INFORMATION (CONT'D)**12.3.3 Overview of our results of operations**

For the Financial Years Under Review, our revenue was mainly derived from the sale of Frozen and Chilled Food Products.

Revenue from the sale of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products are recognised at a point in time when our Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Between FYE 2021 and FYE 2023, revenue from the sale of Frozen and Chilled Food Products increased at a CAGR of 2.85% from RM166.72 million in FYE 2021 to RM176.36 million in FYE 2023. In FYE 2023, the sale of Frozen and Chilled Food Products represented 88.34% of our Group's total revenue.

Between FYE 2021 and FYE 2023, revenue from the sale of Ambient F&B Products increased at a CAGR of 5.05% from RM20.78 million in FYE 2021 to RM22.94 million in FYE 2023. In FYE 2023, the sale of Ambient F&B Products represented 11.49% of our Group's total revenue.

In FYE 2023, a small proportion of our revenue was derived from the sale of Non-F&B Products which represented 0.17% of our Group's total revenue pursuant to the acquisition of Supreme Trading in May 2023. We did not have any sales of Non-F&B Products prior to FYE 2023.

For the Financial Years Under Review, all our product distribution centres were located in Kuching and Miri. Please refer to Section 7 of this Prospectus for further details on our warehouses and products.

Our revenue is generated from local and overseas sales, and the currencies used in invoicing are RM and USD. Approximately 99.34%, 99.46% and 99.05% of our revenues are denominated in RM for FYE 2021, FYE 2022 and FYE 2023, respectively, while the remaining revenue is denominated in USD.

12.3.4 Revenue**(i) Revenue by product categories**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
<u>Frozen and Chilled Food Products</u>						
Frozen beef and buffalo	54,297	28.96	72,703	34.63	60,805	30.46
Frozen processed food	28,036	14.95	31,846	15.17	39,092	19.58
Frozen lamb	29,336	15.64	34,712	16.53	23,827	11.93
Frozen butter	15,352	8.19	11,279	5.37	13,769	6.90
Cheese	11,665	6.22	9,903	4.72	9,221	4.62
Others ⁽¹⁾	28,030	14.95	26,771	12.75	29,642	14.85
Sub-total	166,716	88.91	187,214	89.17	176,356	88.34
<u>Ambient F&B Products</u>						
Milk	10,521	5.61	10,784	5.14	9,053	4.54
Seasoning and dressing	5,052	2.69	6,499	3.09	6,652	3.33
Canned butter	4,069	2.17	4,652	2.21	6,014	3.01
Beverage and tea	591	0.32	749	0.36	552	0.28
Others ⁽²⁾	553	0.30	55	0.03	668	0.33
Sub-total	20,786	11.09	22,739	10.83	22,939	11.49

12. FINANCIAL INFORMATION (CONT'D)

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Non-F&B Products						
Oralcare	-	-	-	-	291	0.15
Household cleaning products	-	-	-	-	57	0.02
Sub-total	-	-	-	-	348	0.17
Total	187,502	100.00	209,953	100.00	199,643	100.00

Notes:

- (1) Include, but are not limited to, frozen pastries, frozen seafood and frozen vegetables.
(2) Include, but are not limited to, milk, pasta, juices, seasonings and dressings.

(ii) Revenue by third-party brands and our own brands

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Third-party brands ⁽¹⁾	177,954	94.91	198,565	94.58	186,800	93.57
Own brands ⁽²⁾	9,548	5.09	11,388	5.42	12,843	6.43
Total	187,502	100.00	209,953	100.00	199,643	100.00

Notes:

- (1) Include, but are not limited to, Allana, Golden Churn, Westgold, Pure South and Ramly.
(2) Comprise Supreme, Best Choice and SUNIFEEL.

(iii) Revenue by distribution networks

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Retail ⁽¹⁾	93,584	49.91	81,011	38.59	87,151	43.65
Wholesalers ⁽²⁾	68,833	36.71	90,958	43.32	73,029	36.58
Food service operators ⁽³⁾	25,085	13.38	37,984	18.09	39,463	19.77
Total	187,502	100.00	209,953	100.00	199,643	100.00

Notes:

- (1) Include supermarkets, hypermarkets, grocery stores and sundry shops.
(2) Include agents, stockists and distributors who utilise their existing network to sell our products to other wholesalers, retailers and HORECA.
(3) Include HORECA, bakeries, canteens and caterers.

12. FINANCIAL INFORMATION (CONT'D)**(iv) Revenue by geographical markets**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Local market						
Sabah and Sarawak	186,273	99.34	208,821	99.46	197,745	99.05
Overseas						
Myanmar ⁽¹⁾	605	0.32	826	0.39	⁽²⁾ 1,898	0.95
Singapore ⁽¹⁾	624	0.34	306	0.15	-	-
Subtotal	1,229	0.65	1,132	0.54	1,898	0.95
Total	187,502	100.00	209,953	100.00	199,643	100.00

Notes:

- (1) Overseas sales are denominated in USD.
- (2) In FYE 2023, the higher revenue generated from Myanmar of RM1.07 million was attributable to the increased orders for canned butter products.

(v) Commentary on revenue**FYE 2022 compared to FYE 2021**

The COVID-19 pandemic caused a slowdown in the hospitality and tourism industry, and particularly the HORECA segment during 2020 due to the operating capacity and travel restrictions that were imposed throughout 2020 and 2021. The restrictions were gradually lifted and economic activities began showing signs of recovery in 2021. Economic activities increased in the hospitality and tourism segment in 2022. As such, our Group recorded an increase in revenue of RM22.45 million or 11.97% to RM209.95 million in FYE 2022 (FYE 2021: RM187.50 million). The increase was contributed by:

- (a) higher revenue of RM20.49 million from the sale of Frozen and Chilled Food Products. This was mainly derived from higher sales of frozen red meats i.e frozen buffalo of RM18.40 million to customers in the wholesalers and food service operators segments in FYE 2022 who stocked up on these products due to fear of potential shortages and higher purchase prices resulting from the increased prices for animal feed on the back of Russia's invasion of Ukraine, coupled with the recovery of economic activities and resumption of dining out after the upliftment of movement control order imposed by the Government in June 2021. Russia and Ukraine produce and supply animal feed and fertilisers globally.
- (b) higher revenue of RM1.96 million from the sale of Ambient F&B Products. This was mainly derived from higher sales of seasoning and dressings of RM1.45 million to customers in the wholesalers and food service operators in FYE 2022 following the resumption of dining out.

In FYE 2022, revenue from the distribution of third-party brands amounted to RM198.56 million or 94.58% of our total revenue while the remaining RM11.39 million or 5.42% was derived from the distribution of our own brands of products. The increase in revenue from the distribution of third-party brands was mainly contributed by the higher sales of frozen buffalo meat that we procure from Allanasons Private Limited, which contributed sales of RM9.64 million in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)

The significant growth in our sales across various products categories was driven by the higher orders from our customers. In terms of revenue by distribution networks, our revenue from wholesalers increased by RM22.13 million, and food service operators increased by RM12.89 million. The increases in revenue from wholesalers and food service operators were offset by the decrease in revenue from the retail segment of RM12.57 million. This was because the population began to increasingly dine out as Malaysia recovered from the COVID-19 pandemic and the Government relaxed movement controls and operating capacity restrictions for businesses.

In terms of revenue by geographical market, Malaysia was our main revenue contributor representing 99.46%, followed by Myanmar (0.39%) and Singapore (0.15%). Our increased revenue for FYE 2022 were contributed from:

- (a) Malaysia: revenue increased by RM22.55 million or 12.11% in FYE 2022 mainly due to increased orders from our top 5 major customers; and
- (b) Myanmar: revenue increased by RM0.22 million or 36.07% in FYE 2022 due to higher sales of canned butter products.

However, the revenue generated from Singapore decreased by RM0.32 million or 51.61% in FYE 2022 due to lower sales orders from customers.

FYE 2023 compared to FYE 2022

Our Group recorded a decrease in revenue of RM10.31 million or 4.91% to RM199.64 million in FYE 2023 (FYE 2022: RM209.95 million). The decrease was contributed by the lower revenue of RM10.85 million from the sale of Frozen and Chilled Food Products attributable to the lower festive sales and out-of-home consumption in FYE 2023, resulting from the sentiments of rising cost of living amid the higher interest rates due to the increase in overnight policy rate by Bank Negara Malaysia during FYE 2023 (from 2.25% to 3.00%). As a result, our product sales for frozen lamb, mutton and buffalo decreased by RM22.77 million collectively in FYE 2023. The decrease was offset by the increase in revenue from the sale of frozen processed foods of RM7.24 million collectively in FYE 2023, as these products are more affordable compared to frozen lamb, mutton and buffalo.

The decrease in revenue generated from Frozen and Chilled Food Products were offset by the following category:

- (a) increase in revenue of RM0.20 million from the sale of Ambient F&B Products resulting from the export of Ambient F&B Products to Myanmar and higher sales of canned butter; and
- (b) increase in revenue of RM0.34 million from the sale of Non-F&B Products mainly oral care products (i.e. toothpaste, toothbrush and mouthwash) and household cleaning products (such as detergents for dishes, laundry, floor and appliances) resulting from the acquisition of Supreme Trading in FYE 2023.

In 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. The decrease in revenue from the distribution of third-party brands was contributed by the lower sales of frozen buffalo meat that we procure from Allanasons Private Limited, which contributed sales of RM11.83 million in FYE 2023.

In terms of revenue by distribution networks, our revenue from wholesalers decreased by RM17.93 million. This decrease was offset by the increase in revenue from the retail and food service operators segments of RM6.14 million and RM1.48 million, respectively.

12. FINANCIAL INFORMATION (CONT'D)

During 2023, it was noted that our wholesaler customers ordered lower volumes of frozen lamb, mutton, and buffalo as consumers showed a preference for poultry and processed products that are more affordable in comparison, to counter the impact of inflation.

In terms of revenue by geographical market, Malaysia remained our main revenue contributor representing 99.05%, followed by Myanmar (0.95%). Our lower revenue in FYE 2023 was contributed by Malaysia which decreased by RM11.07 million or 5.30% due to lower orders from our customers. Our revenue from Myanmar increased by RM1.07 million or 128.92% in FYE 2023 due to increased sales orders from customers for canned butter products.

Further in FYE 2023, we did not receive any orders from customers in Singapore and thus did not generate revenue from this country.

12.3.5 Cost of sales**(i) Cost of sales by component**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Purchases ⁽¹⁾	148,008	89.30	168,819	89.82	156,167	88.84
Staff costs ⁽²⁾	6,119	3.69	6,917	3.68	7,639	4.35
Freight charges, duties and transportation	6,215	3.75	5,888	3.13	5,839	3.32
Depreciation	1,439	0.87	2,070	1.10	1,920	1.09
Product display fee ⁽³⁾	1,200	0.72	1,349	0.72	1,251	0.71
Commission ⁽⁴⁾	1,241	0.75	1,257	0.67	1,332	0.76
Packing expenses	414	0.25	526	0.28	392	0.22
Advertising expenses	397	0.24	423	0.23	498	0.28
Upkeep and maintenance ⁽⁵⁾	400	0.24	419	0.22	431	0.25
Utilities	309	0.19	285	0.15	312	0.18
Total	165,742	100.00	187,953	100.00	175,781	100.00

Notes:

(1) We procure our supplies from local and overseas suppliers. Our purchases are mainly denominated in RM, USD, AUD and EURO

The weighted average exchange rates ("WAEX") for USD:RM, AUD:RM and EURO:RM for the Financial Years Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023
USD:RM	4.13	4.31	4.53
AUD:RM	3.13	3.07	3.02
EURO:RM	4.93	4.66	4.77

(2) Comprises staff salaries, allowances, bonus, overtime, statutory contribution and staff welfare directly attributable to production and warehousing activities.

(3) Comprises listing fees (i.e. the introduction and inclusion of each new product in the outlets of our key accounts) and block display fees (additional fees charged for prime space in retail outlets for our product promotion and marketing activities) mainly at supermarkets, hypermarkets and grocery stores.

(4) Represents sales commission to salespersons or agents when a sale is generated and collected from the customer.

12. FINANCIAL INFORMATION (CONT'D)

(5) Represents costs of maintenance incurred to keep SCS, SFS, BFL and STSB's transportation trucks, warehouses and cold room facilities in good condition.

(ii) Cost of sales by product categories

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Frozen and Chilled Food Products ⁽¹⁾	146,406	88.33	166,555	88.62	154,401	87.84
Ambient F&B Products ⁽²⁾	19,336	11.67	21,398	11.38	21,099	12.00
Non-F&B Products ⁽³⁾	-	-	-	-	281	0.16
Total	165,742	100.00	187,953	100.00	175,781	100.00

Notes:

- (1) Include, but not limited to, frozen meats, frozen processed foods (such as burgers and fries), frozen seafood, frozen vegetables, frozen butter and cheese.
- (2) Include, but not limited to, cream, milk, pasta, juices, bread, seasonings and dressings.
- (3) Comprise cleaning and hygiene products.

(iii) Commentary on cost of sales**FYE 2022 compared to FYE 2021**

Our cost of sales increased by RM22.21 million or 13.40% to RM187.95 million in FYE 2022 (FYE 2021: RM165.74 million), which was in tandem with the increase in our total revenue of 11.97% in FYE 2022.

The increase in cost of sales was mainly contributed by:

- (a) increase in purchases of RM20.81 million or 14.06% to RM168.82 million in FYE 2022 (FYE 2021: RM148.01 million). This corresponded to the increased sales in frozen lamb, mutton and buffalo in FYE 2022;
- (b) increase in staff costs of RM0.80 million or 13.07%, attributable to the increased headcount mainly for warehouse, processing and packaging as well as logistics division, overall increase to 175 staff (FYE 2021: 164 staff) to cope with increased orders in FYE 2022; and
- (c) increase in depreciation of RM0.63 million or 43.75%, attributable to the depreciation on the additional plant and machineries purchased in FYE 2022 as well as the full year depreciation charged on the property, plant and equipment in relation to a 3-storey office cum warehouse located at Lot 842. The said 3-storey office cum warehouse was occupied by our Group in May 2021.

The increases in abovementioned items were offset by the decrease in freight charges of RM0.34 million or 5.47%, attributable to the reduced freight rates driven by the easing in supply chain disruptions that had previously built up during the COVID-19 pandemic. During 2022, the reduced levels of port congestion along with weaker cargo arrivals (which led to a slowdown the container and vessel demand) were among the major reasons behind significant decrease in freight rates in 2022.

12. FINANCIAL INFORMATION (CONT'D)

FYE 2023 compared to FYE 2022

Our cost of sales decreased by RM12.17 million or 6.48% to RM175.78 million in FYE 2023 (FYE 2022: RM187.95 million), which was in tandem with the decrease in our total revenue of 4.91% in FYE 2023.

The decrease in cost of sales was mainly contributed by:

- (a) decrease in purchases of RM12.65 million or 7.49%. This corresponded to the decreased sales in frozen lamb, mutton and buffalo as well as milk products in FYE 2023;
- (c) decrease in depreciation of RM0.15 million or 7.25%, attributable to an increase in fully depreciated property, plant and equipment from RM6.50 million in FYE 2022 to RM8.01 million in FYE 2023.

The decreases in the abovementioned items were offset by the increase in staff costs of RM0.72 million or 10.40%, mainly attributable to higher salaries due to our Group complying with the Minimum Wage Order 2022 as implemented by the Government in May 2022 and annual salary adjustment for existing staff.

12.3.6 Gross profit ("GP")

Our GP increased at a CAGR of 4.72% from RM21.76 million in FYE 2021 to RM23.86 million in FYE 2023. Our overall GP margin increased from 11.61% in FYE 2021 to 11.95% in FYE 2023.

Performance of our GP margin may be affected by, among others, the following factors:

- (a) selling prices of our products to customers;
- (b) purchasing prices of products from our suppliers; and
- (c) foreign exchange rate arising from the purchase of products from our suppliers.

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12. FINANCIAL INFORMATION (CONT'D)

(i) GP and GP margin by product categories

	Audited								
	FYE 2021			FYE 2022			FYE 2023		
	GP		GP margin	GP		GP margin	GP		GP margin
	RM'000	%	%	RM'000	%	%	RM'000	%	%
Frozen and Chilled Food Products	20,310	93.34	12.18	20,659	93.90	11.03	21,955	92.01	12.45
Ambient F&B Products	1,450	6.66	6.98	1,341	6.10	5.90	1,840	7.71	8.02
Non-F&B Products	-	-	-	-	-	-	67	0.28	19.25
Total	21,760	100.00	11.61	22,000	100.00	10.48	23,862	100.00	11.95

(ii) Commentary on GP and GP margin

FYE 2022 compared to FYE 2021

Our overall GP increased by RM0.24 million or 1.10% to RM22.00 million in FYE 2022 (FYE 2021: RM21.76 million). This was attributable to an increase in the GP from Frozen and Chilled Food Products which was offset by a decrease in the GP from Ambient F&B Products.

Despite the increase in GP, our overall GP margin decreased to 10.48% in FYE 2022 (FYE 2021: 11.61%), attributable to the lower GP margin for Frozen and Chilled Food Products and Ambient F&B Products.

Frozen and Chilled Food Products

Our GP from Frozen and Chilled Food Products increased by RM0.35 million or 1.72% to RM20.66 million in FYE 2022 (FYE 2021: RM20.31 million) which was in tandem with the higher revenue and GP from frozen lamb, mutton and buffalo as well as frozen processed food.

Despite the increase in our GP from Frozen and Chilled Food Products, our GP margin for Frozen and Chilled Food Products decreased to 11.03% in FYE 2022 (FYE 2021: 12.18%). This was because:

- (a) the increase in purchasing prices for frozen butter products was higher than its selling price increment in FYE 2022. Global milk prices reached a record high of USD63.40 / 100kg milk in April 2022 before declining again and averaged at USD54.20 / 100kg milk in FYE 2022. The continuous increase in the price of animal feed, fertilisers and energy prices as well as the low availability of milk supplies led to high levels of milk-related products prices. Nonetheless, we were able to pass on some of the increase in purchasing prices to our customers in FYE 2022; and

12. FINANCIAL INFORMATION (CONT'D)

- (b) we experienced weaker WAEX of USD against RM in FYE 2022 which contributed to our lower overall GP margin, USD:RM at 4.31 in FYE 2022 compared to 4.13 in FYE 2021, that was partially cushioned by reduced freight rates for imported purchases in FYE 2022.

Ambient F&B Products

Our GP from Ambient F&B Products decreased by RM0.11 million or 7.59% to RM1.34 million in FYE 2022 (FYE 2021: RM1.45 million) and our GP margin for Ambient F&B Products decreased to 5.90% in FYE 2022 (FYE 2021: 6.98%). This was because:

- (a) the increase in purchase prices for milk and canned butter products was higher than its selling price increment in FYE 2022. Nonetheless, we were able to pass on some of the increment in purchase price to our customers in FYE 2022; and
- (b) we experienced weaker WAEX of USD against RM in FYE 2022 which contributed to our lower overall GP margin, USD:RM at 4.31 in FYE 2022 compared to 4.13 in FYE 2021, that was partially cushioned by reduced freight rates for the imported purchases in FYE 2022.

FYE 2023 compared to FYE 2022

Our overall GP increased by RM1.86 million or 8.45% to RM23.86 million in FYE 2023 (FYE 2022: RM22.00 million) and our overall GP margin increased to 11.95% in FYE 2023 (FYE 2022: 10.48%). This was due to an increase in the GP from Frozen and Chilled Food Products as well as Ambient F&B Products.

Frozen and Chilled Food Products

Our GP from Frozen and Chilled Food Products increased by RM1.30 million or 6.29% to RM21.96 million in FYE 2023 (FYE 2022: RM20.66 million) which was in tandem with the higher revenue and GP from frozen processed food and frozen butter products.

Our GP margin for Frozen and Chilled Food Products increased to 12.45% in FYE 2023 (FYE 2022: 11.03%) mainly attributable to the higher GP margin of frozen butter products. The higher GP margin of frozen butter products was attributable to the lower purchase price for frozen butter products as milk prices were lower in FYE 2023, i.e. average of USD41.53/100kg milk (FYE 2022: USD54.20 / 100kg milk). The lower milk prices in FYE 2023 were driven by the increased supply of milk in 2023. As such, the GP margin for frozen butter products improved and led to the increase in GP margin for Frozen and Chilled Food Products.

Ambient F&B Products

Our GP from Ambient F&B Products increased by RM0.50 million or 37.31% to RM1.84 million in FYE 2023 (FYE 2022: RM1.34 million) and our GP margin for Ambient F&B Products increased to 8.02% in FYE 2023 (FYE 2022: 5.90%). This was also because of the decreased milk price to an average of USD41.53 / 100kg milk in FYE 2023 (FYE 2022: USD54.20 / 100kg milk), which supported higher sales volume of canned butter products.

Non-F&B Products

Our GP from Non-F&B Product recorded RM0.07 million and our GP margin for Non-F&B Product was 19.25% in FYE 2023.

12. FINANCIAL INFORMATION (CONT'D)**12.3.7 Other income**

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment ⁽¹⁾	139	20.09	-	-	5	0.78
Rental income ⁽²⁾	116	16.76	196	36.98	203	31.52
Interest income ⁽³⁾	101	14.59	57	10.76	75	11.65
Incentive income ⁽⁴⁾	64	9.25	25	4.72	-	-
Dividend income ⁽⁵⁾	62	8.96	39	7.36	51	7.92
Freight income ⁽⁶⁾	26	3.76	28	5.28	23	3.57
Wage subsidy ⁽⁷⁾	17	2.46	-	-	-	-
Bad debts recovered	-	-	6	1.13	2	0.31
Others ⁽⁸⁾	167	24.13	179	33.77	285	44.25
Total	692	100.00	530	100.00	644	100.00

Notes:

- (1) Relates to the disposal of motor vehicles, machineries and equipment to third parties.
- (2) Mainly relates to rental income derived from the rental of 3 units of 3-storey intermediate shophouses located at Lots 14889, 14890 and 14891 Section 65, Kuching Town Land District as well as Miri warehouse located at Lot 1541 Block 3 Miri Concession Land District to third parties. Further details of the 3-storey intermediate shophouses and Miri warehouse are set out in Section 7.23.1 of this Prospectus.
- (3) Relates to interest income from fixed deposits and bank balances deposited in licenced banks.
- (4) Represents sales incentives received from suppliers for rewarding higher sales of products.
- (5) Relates to dividend income received from short-term investment of unit trusts.
- (6) Relates to delivery fees charged to customers.
- (7) Relates to the Wage Subsidy Programme introduced in 2020 as part of the Government's COVID-19 economic stimulus package.
- (8) Mainly includes realised gain on foreign exchange, insurance claim on damage goods and handling service income charged to customers as well as gain on bargain purchase.

FYE 2022 compared to FYE 2021

Our other income decreased by RM0.15 million or 22.06% to RM0.53 million in FYE 2022 (FYE 2021: RM0.68 million), this was mainly attributable to the following:

- (i) absence of one-off gain on disposal of RM0.14 million for 3 units of motor vehicles;
- (ii) decrease in interest income from fixed deposits of RM0.04 million in FYE 2022 due to lower fixed deposits placed with licensed banks in FYE 2022;
- (iii) decrease in incentive income of RM0.03 million in FYE 2022 as one of our suppliers had cancelled the incentive scheme for a brand in December 2021; and
- (iv) decrease in dividend income of RM0.02 million in FYE 2022 due to reduced short-term investments held by our Group during FYE 2022.

The abovementioned decreases were offset by the increase in rental income of RM0.08 million as our Group rented out the Miri warehouse in December 2022 and a total of 3 floors at Lot 14891 to third parties in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023 compared to FYE 2022**

Our income increased by RM0.11 million or 20.75% to RM0.64 million in FYE 2023 (FYE 2022: RM0.53 million), this was attributable to higher items for others, mainly the realised gain on forex exchange of RM0.07 million and insurance claims on damaged goods of RM0.03 million.

The higher rental income in FYE 2023 was attributable to full year rentals recognised for the Miri warehouse.

12.3.8 Administrative expenses

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration ⁽¹⁾	3,207	33.37	3,138	32.84	3,197	32.64
Staff costs ⁽²⁾	2,224	23.14	2,152	22.52	2,076	21.20
Office and warehouse expenses ⁽³⁾	980	10.20	897	9.39	932	9.52
Utilities	684	7.12	644	6.74	634	6.47
Professional fee ⁽⁴⁾	648	6.75	694	7.26	1,079	11.02
Depreciation	537	5.59	734	7.68	682	6.96
Upkeep and maintenance ⁽⁵⁾	509	5.30	367	3.84	383	3.91
Bank charges	439	4.57	440	4.60	324	3.31
Marketing expenses ⁽⁶⁾	208	2.16	264	2.76	278	2.84
Travelling expenses	90	0.94	157	1.64	194	1.98
Others ⁽⁷⁾	83	0.86	70	0.73	15	0.15
Total	9,609	100.00	9,557	100.00	9,794	100.00

Notes:

- (1) Directors' remuneration mainly consists of salaries, allowances, bonuses, employees provident fund and social security contributions as well as directors' fees.
- (2) Mainly consists of salaries, wages and allowances, bonuses, employees provident fund, social security contributions and other staff related costs.
- (3) Mainly includes quit rent and assessment of office and warehouse, insurances, security expenses, cleaning expenses as well as printing and stationery.
- (4) Mainly includes audit, legal and secretarial fees.
- (5) For warehouse, offices, office equipment and computers.
- (6) Incurred for business development to support our business, such as advertisements.
- (7) Mainly include property, plant and equipment written off, bad debts written off, loss on disposal of property, plant and equipment as well as loss on foreign exchange.

FYE 2022 compared to FYE 2021

Our administrative expenses decreased by RM0.05 million or 0.52% to RM9.56 million in FYE 2022 (FYE 2021: RM9.61 million). This was mainly attributable to the following items:

- (i) decrease in directors' remuneration and staff costs of RM0.14 million collectively due to lower bonus payout in FYE 2022;

12. FINANCIAL INFORMATION (CONT'D)

- (ii) decrease in upkeep and maintenance of RM0.14 million to RM0.37 million in FYE 2022 (FYE 2021: RM0.51 million). This was attributable to higher costs incurred in FYE 2021 to repair and replace spare parts for air-conditioning system of cold rooms at SCS due to damages; and
- (iii) decrease in office and warehouse expenses of RM0.08 million to RM0.90 million (FYE 2021: RM0.98 million).

The abovementioned decreases were offset by the following items:

- (i) increase in depreciation of RM0.19 million to RM0.73 million in FYE 2022 (FYE 2021: RM0.54 million) due to additional furniture, fitting and equipment for offices;
- (ii) increase in travelling and marketing expenses of collectively RM0.12 million following the full upliftment of travel restrictions in FYE 2022 which was previously imposed by the Government in 2020 and 2021, respectively.

FYE 2023 compared to FYE 2022

Our administrative expenses increased by RM0.23 million or 2.41% to RM9.79 million in FYE 2023 (FYE 2022: RM9.56 million). This was mainly attributable to an increase in professional fees of RM0.39 million or 56.52%, mainly fees incurred for the transfer listing of our Group from the LEAP Market to ACE market.

The abovementioned increase was offset by the decrease in bank charges of RM0.12 million or 27.27% attributable to lower bankers' acceptance fees as we drawdown less bankers' acceptance in FYE 2023 as compared to FYE 2022.

12.3.9 Finance costs

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
bankers' acceptance	862	64.28	948	66.71	841	59.14
term loans	381	28.41	348	24.49	335	23.56
bank overdrafts	82	6.12	113	7.95	240	16.88
hire purchase	16	1.19	12	0.85	6	0.42
Total	1,341	100.00	1,421	100.00	1,422	100.00

FYE 2022 compared to FYE 2021

Our total finance costs increased by RM0.08 million or 5.97% to RM1.42 million in FYE 2022 (FYE 2021: RM1.34 million), was mainly attributable to higher interests charged on bankers' acceptance of RM0.09 million in FYE 2022, resulting from higher utilisation of bankers' acceptance for purchase of supplies. We had drawn down a total of RM107.49 million bankers' acceptance for the purchase of supplies in FYE 2022 (FYE 2021: RM99.49 million).

FYE 2023 compared to FYE 2022

Our total finance costs for FYE 2023 recorded at RM1.42 million (FYE 2022: RM1.42 million).

12. FINANCIAL INFORMATION (CONT'D)

During the FYE 2023, we recorded higher interests charged on bank overdraft was attributable to higher utilisation of bank overdraft (as at 30 September 2023: RM5.97 million, as at 30 September 2022: RM0.22 million) for working capital purposes. The increase in interest charged on bank overdraft was offset by the decrease in interests charged on bankers' acceptance, attributable to lower utilisation of bankers' acceptance (FYE 2023: RM99.43 million, FYE 2022: RM107.49 million) coupled with higher repayment of bankers' acceptance made during FYE 2023.

12.3.10 Net impairment losses on financial assets

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Impairment losses on trade receivables	726	968	1,399
Reversal of impairment loss on trade receivables	(105)	(810)	(991)
Total	621	158	408

Impairment loss on trade receivables was provided based on expected credit losses in accordance with MFRS 9 Financial Instruments. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. Among the factors considered for credit risk include the historical payment trends and forward-looking information. For further details on the policy, please refer to Section 13 of this Prospectus.

FYE 2022 compared to FYE 2021

Our Group had net impairment loss on financial assets of RM0.16 million due to higher assessment on expected credit loss of trade receivables in accordance with the MFRS 9: Financial Instruments, representing impairment loss on trade receivables amounting to RM0.97 million. We measure the expected credit loss of trade receivables based on the payment profiles of past sales and the corresponding historical payment trends and adjust for reasonable and supportable forward-looking information. The impairment losses on trade receivables was offset by the reversal of impairment losses on trade receivables amounting to RM0.81 million due to subsequent collection for those were individually and collectively impaired in previous years.

FYE 2023 compared to FYE 2022

Our Group had net impairment loss on financial assets of RM0.41 million due to higher assessment on expected credit loss of trade receivables in accordance with the MFRS 9: Financial Instruments, representing impairment loss on trade receivables amounting to RM1.40 million. We measure the expected credit loss of trade receivables based on the payment profiles of past sales and the corresponding historical payment trends. The impairment losses on trade receivables was offset by the reversals of impairment losses on trade receivables amounting to RM0.99 million due to subsequent collection for those which were individually and collectively impaired in previous years.

12. FINANCIAL INFORMATION (CONT'D)**12.3.11 PBT, PAT and effective tax rate**

	Audited		
	FYE 2021	FYE 2022	FYE 2023
PBT (RM'000)	10,881	11,394	12,882
PBT margin (%)	5.80	5.43	6.45
Total taxation (RM'000)	3,235	3,235	3,664
Effective tax rate (%)	29.73	28.39	28.44
PAT (RM'000)	7,646	8,159	9,218
PAT margin (%)	4.08	3.89	4.62

FYE 2022 compared to FYE 2021

Our PBT increased by RM0.51 million or 4.69% to RM11.39 million in FYE 2022 (FYE 2021: RM10.88 million) and our PAT increased by RM0.51 million or 6.67% to RM8.16 million in FYE 2022 (FYE 2021: RM7.65 million). The increase in both PBT and PAT was mainly due to the increase in our revenue and GP from Frozen and Chilled Food Products and lower net impairment loss on financial assets as explained in Sections 12.3.6 and 12.3.10 of this Prospectus, respectively.

Our PBT margin declined to 5.43% for FYE 2022 (FYE 2021: 5.80%) while our PAT margin decreased to 3.89% for FYE 2022 (FYE 2021: 4.08%). The decline was due to the lower GP margins from Frozen and Chilled Food Products as well as Ambient F&B Products. The decrease in other income also contributed to the lower PBT margin for FYE 2022. Please refer to Sections 12.3.6 and 12.3.7 of this Prospectus, respectively for further details on our GP margin by product categories and other income.

For FYE 2021, our effective tax rate was 29.73% which was higher than the statutory tax rate of 24.00%. This was mainly due to the net tax impact of an aggregated non-deductible tax expenses of RM0.52 million which depreciation for non-qualifying assets as well as the impairment loss on trade receivables. These non-deductible tax expenses are mainly from SCRB. In addition, there was a net tax impact of RM0.08 million on the deferred tax assets not recognised during the financial year due to deferred tax movement not recognised during the financial year mainly from SFS and SCRB, and under provision of taxation in previous financial year of RM0.05 million in FYE 2021 mainly from SFS and SCS.

For FYE 2022, our effective tax rate was 28.39% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purpose which includes depreciation expenses on non-qualifying assets, legal and professional fees and amortisation expenses. These non-deductible tax expenses are mainly from SCS. In addition, the above was offset by a net tax impact of RM0.06 million on the deferred tax assets not recognised during the financial year and over provision of taxation in previous financial year of RM0.04 million in FYE 2022 mainly from SCS.

FYE 2023 compared to FYE 2022

Our PBT increased by RM1.49 million or 13.08% to RM12.88 million in FYE 2023 (FYE 2022: RM11.39 million) and our PAT increased by RM1.06 million or 12.99% to RM9.22 million in FYE 2023 (FYE 2022: RM8.16 million). The increase in both PBT and PAT was mainly due to the increase in our revenue and GP from all product categories as explained in Sections 12.3.6 and 12.3.10 of this Prospectus, respectively, despite the increased administrative expense and net impairment loss in financial asset.

12. FINANCIAL INFORMATION (CONT'D)

Our PBT margin increased to 6.45% for FYE 2023 (FYE 2022: 5.43%) while our PAT margin increased to 4.62% for FYE 2023 (FYE 2022: 3.89%). The increase was due to the higher GP margins from all product categories, especially Frozen and Chilled Food Products. Please refer to Sections 12.3.6 of this Prospectus for further details on our GP margin by product categories.

For FYE 2023, our effective tax rate was 28.44% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purposes which include depreciation expenses on non-qualifying assets, amortisation expenses and legal and professional fees in relation to the Proposed Transfer of Listing. In addition, the above was offset by overprovision of taxation in previous financial year of RM0.02 million in FYE 2023 mainly from SCS.

Please refer to Section 13 Note 27 of this Prospectus for further details on the income tax expenses.

12.3.12 Review of financial positions**(i) Assets**

	Audited as at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	27,287	25,954	24,206
Investment properties	1,563	1,532	1,501
Right-of-use assets	7,472	7,253	7,044
Intangible assets	78	22	-
Goodwill	21,992	21,992	21,992
Total non-current assets	58,392	56,753	54,743
Current assets			
Inventories	32,097	29,177	25,191
Trade receivables	24,470	32,311	27,816
Other receivables, deposits and prepayments	1,769	413	341
Short-term investments	2,562	1,601	1,652
Current tax assets	683	1,467	207
Fixed deposit with licensed banks	1,573	1,373	1,400
Cash and bank balances	11,416	16,229	13,308
Total current assets	74,570	82,571	69,915
TOTAL ASSETS	132,962	139,324	124,658

2022 compared to 2021

Our total assets increased by RM6.36 million or 4.78% to RM139.32 million as at 30 September 2022 (30 September 2021: RM132.96 million). This was mainly attributable to the increase in the current assets of RM8.00 million and it was offset by the decrease in non-current assets of RM1.64 million.

The increase in current assets of RM8.00 million or 10.73% was mainly contributed by the following items:

- (a) increase in cash and bank balances of RM4.81 million mainly attributable to the higher balances from SCS arising from collections from customers; and
- (b) increase in trade receivables of RM7.84 million which was in line with the higher revenue in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)

The increase in current assets was partially offset by the following items:

- (a) decrease in inventories of RM2.92 million, attributable to lower inventories of chilled food products; and
- (b) decrease in other receivables, deposits and prepayments of RM1.36 million, mainly attributable to the advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products as part of securing products booking for purchases. Subsequently, these advance payments formed part of our settlement for invoices issued when the products are delivered to us.

The increase in total asset was offset by the decrease in our non-current assets of RM1.64 million or 2.81% to RM58.39 million as at 30 September 2022 (30 September 2021: RM56.75 million). This was mainly contributed by the decrease in property, plant and equipment of RM1.34 million attributable to the higher depreciation relating to the 3-storey office cum warehouse located at Lot 842 which was completed in October 2020 together with its associated furniture, fittings and equipment as well as plant and machineries.

2023 compared to 2022

Our total assets decreased by RM14.66 million or 10.52% to RM124.66 million as at 30 September 2023 (30 September 2022: RM139.32 million). This was mainly attributable to the decrease in the current assets of RM12.65 million and non-current assets of RM2.01 million.

The decrease in current assets and non-current assets were mainly contributed by the following items:

- (a) decrease in property, plant and equipment of RM1.74 million attributable to depreciation charged in FYE 2023 of RM2.34 million and this was offset by the addition of property, plant and equipment of RM0.60 million (mainly comprising plant and machineries of RM0.22 million and cement works with floor hardener for freezer and chiller rooms at Lot 842 of RM0.24 million) in FYE 2023;
- (b) decrease in right-of-use assets of RM0.21 million attributable to the depreciation charged in FYE 2023;
- (c) decrease in inventories of RM3.99 million attributable to lesser inventories for lamb, mutton and buffalo meats maintained by our Group due to reduced sales of the aforementioned items in FYE 2023;
- (d) decrease in trade receivables of RM4.49 million which was in line with the lower revenue in FYE 2023 as compared to FYE 2022;
- (e) decrease in cash and bank balances of RM2.92 million mainly attributable to the payment on our Group's operating expenditure and higher repayment made to bankers' acceptance; and
- (f) decrease in current tax assets of RM1.26 million, attributable to receipt of tax refund from LHDN arising from overpayments made mainly by SFS and SCRB.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Liabilities**

	Audited as at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	8,623	6,940	5,246
Deferred tax liability	726	745	562
Total non-current liabilities	9,349	7,685	5,808
Current liabilities			
Bank borrowings	37,646	41,859	23,370
Trade payables	4,448	3,601	3,466
Other payables and accrued expenses	3,949	3,409	4,015
Current tax liabilities	52	609	125
Total current liabilities	46,095	49,478	30,976
TOTAL LIABILITIES	55,444	57,163	36,784

2022 compared to 2021

Our total liabilities increased by RM1.72 million or 3.10% to RM57.16 million as at 30 September 2022 (30 September 2021: RM55.44 million), mainly attributable to the increase in the current liabilities of RM3.38 million and was offset by the decrease in non-current liabilities of RM1.66 million as at 30 September 2022.

The increase in the current liabilities of RM3.38 million or 7.33% was contributed by the increase in short term bank borrowings of RM4.21 million, attributable to the higher outstanding bankers' acceptance of RM5.19 million as at 30 September 2022. The increase in bankers' acceptance was offset by the decrease in bank overdraft of RM0.84 million. The bankers' acceptance was used to fund our purchases of supplies and bank overdraft was used to finance our working capital.

The increase in current liabilities was offset by the decrease in trade payables of RM0.85 million. The decrease in trade payables was attributable to timely payments made to suppliers which our trade payables turnover period reduced to 7 days in FYE 2022 (FYE 2021: 10 days).

The increase in current liabilities was offset by the decrease in non-current liabilities of RM1.66 million or 17.75%, contributed by the decrease in non-current bank borrowings of RM1.68 million which was attributable to scheduled repayment made for term loans.

2023 compared to 2022

Our total liabilities decreased by RM20.38 million or 35.65% to RM36.78 million as at 30 September 2023 (30 September 2022: RM57.16 million), attributable to the decrease in the current liabilities of RM18.50 million and non-current liabilities of RM1.88 million as at 30 September 2023.

The decrease in current liabilities of RM18.50 million or 37.39% was mainly contributed by the decrease in short-term bank borrowings of RM18.49 million. The decrease in short-term bank borrowings was mainly attributable to the lower outstanding bankers' acceptance of RM24.22 million as at 30 September 2023 and it was offset by the higher bank overdraft of RM5.75 million.

12. FINANCIAL INFORMATION (CONT'D)

The decrease in non-current liabilities of RM1.88 million or 24.45% was contributed by the decrease in bank borrowings of RM1.69 million, mainly attributable to repayment of term loans.

12.4 LIQUIDITY AND CAPITAL RESOURCES**12.4.1 Working capital**

Our business operations are financed by a combination of both internal and external sources of funds. Internal sources of funds comprised cash and bank balance, as well as cash generated from our operations, while external sources were mainly banking facilities from financial institutions. The utilisation of these funds was for our business operations and growth.

Based on our audited consolidated statements of financial positions as at 30 September 2023, we have:

- (i) cash and bank balances with licensed banks of RM13.31 million (excluding fixed deposits placed and pledged to the bank); and
- (ii) working capital of RM38.94 million, being the difference between current assets of RM69.92 million and current liabilities of RM30.98 million.

As at the LPD, we have credit facilities, which mainly consist of term loans, bank overdraft and bankers' acceptance with a total credit limit of RM119.44 million, of which RM71.47 million has yet to be utilised.

After taking into consideration the funding requirements for our committed capital expenditures, our future plans as set out in Section 7.18 of this Prospectus, our existing level of cash and bank balances with licensed banks, expected cash flows to be generated from our operations, credit facilities available and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for 12 months from the date of this Prospectus.

12.4.2 Cash flow

The following is our cash flow for the Financial Years Under Review based on our audited Consolidated Financial Statements. This should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Net cash (for) / from operating activities ⁽¹⁾	(10,818)	5,771	21,387
Net cash for investing activities	(5,725)	(121)	(615)
Net cash 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 the 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

Our cash and cash equivalents are held in RM. There are no legal, financial or economic restrictions on our Subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances subject to the availability of distributable profits and reserves, and compliance with any applicable financial covenants.

12. FINANCIAL INFORMATION (CONT'D)

(i) Net cash (for) / from operating activities

FYE 2021

For FYE 2021, our net cash for operating activities was RM10.82 million after taking into account the following:

- (a) increase in the inventory of RM19.33 million mainly attributable to higher inventories of Frozen and Chilled Food Products in line with the higher purchases in FYE 2021;
- (b) increase in trade and other receivables of RM3.67 million attributable to higher trade receivables of RM2.05 million which was in line with higher revenue in FYE 2021, and advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products as part of securing products booking for purchases. Subsequently, these advance payments formed part of our settlement for invoices issued when the products are delivered to us;
- (c) decrease in trade and other payables of RM0.20 million. This was because we made timely payments to suppliers which our trade payables turnover period reduced to 10 days in FYE 2021 (FYE 2020: 11 days); and this was offset by the higher accruals provided for commissions and bonus to existing employees; and
- (d) payment of income tax of RM3.48 million and interests paid of RM1.34 million.

For FYE 2021, the negative operating cashflow was mainly due to bulk purchase of supplies (mainly frozen lamb, mutton and buffalo meats under Frozen and Chilled Food Products) not only to cope with anticipation of additional sales but also to ensure sufficient supply of goods to our customers for FYE 2022. Our Group's revenue for FYE 2022 increased by RM22.41 million or 11.95%.

FYE 2022

For FYE 2022, our net cash from operating activities was RM5.77 million after taking into account the following:

- (a) decrease in inventories of RM0.87 million attributable to lower inventories of chilled food products;
- (b) increase in trade and other receivables of RM6.65 million mainly attributed to higher trade receivables of RM7.84 million which was in line with higher revenue in FYE 2022, and this was offset by the decrease in advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products in FYE 2021;
- (c) increase in trade and other payables of RM1.39 million, mainly attributed to timely payments made to suppliers which our trade payables turnover period reduced to 8 days in FYE 2022 (FYE 2021: 11 days); and
- (d) payment of income tax of RM3.44 million and interests paid of RM1.42 million.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023**

For FYE 2023, our net cash from operating activities was RM21.39 million mainly after taking into account the following:

- (a) decrease in inventories of RM3.28 million mainly attributable to lower inventories of Frozen and Chilled Food Products as most purchases were made in the following month;
- (b) decrease in trade and other receivables of RM4.19 million mainly attributable to decrease in trade receivable which was in line with the lower revenue in FYE 2023 as compared to FYE 2022;
- (c) increase in trade and other payables of RM0.32 million, mainly attributable to higher accruals of RM0.41 million for commissions and bonus to existing employees;
- (d) payment of income tax of RM4.43 million and interests paid of RM1.42 million; and
- (e) income tax refunded of RM1.14 million due to overpayments made mainly by SFS and SCRB;
- (f) real property gain tax refunded of RM0.23 million for the disposal of Lot 1201 due to overassessment by LHDN.

(ii) Net cash for investing activities**FYE 2021**

For FYE 2021, our net cash for investing activities was RM5.73 million. This was attributable to the following:

- (a) cash payment of RM4.48 million for the purchase of the following:
 - (i) a freehold land and building by SFS which is located at Lot 1476;
 - (ii) construction works for our new warehousing facility comprising a 3-storey office cum warehouse at Lot 842. This capital work in progress was subsequently reclassified to buildings upon completion;
 - (iii) additional furniture, fittings and equipment for Lot 1476 and Lot 842; and
 - (iv) 7 units of motor vehicles and plant and machineries (including meat grinder machine, meat slicer machine and baking oven).
- (b) cash payment of RM2.50 million for the purchase of unit trust funds for short-term investments.

The above cash outflows were offset by the following cash inflows:

- (a) withdrawal of fixed deposits with tenure more than 3 months amounting to RM0.98 million; and
- (b) proceeds from disposal of property, plant and equipment of RM0.27 million, mainly 3 units of motor vehicles.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022**

For FYE 2022, our net cash for investing activities was RM0.12 million. This was attributable to cash payment of RM1.18 million for the purchase of computer and office equipment for staff use as well as conference table and chairs for meeting room, 1 unit of motor vehicle and plant and machineries (including GudangSys WMS and 1 unit of indoor type electric platform lift).

The above cash outflows were offset by the disposal of short-term investments of RM1.00 million.

FYE 2023

For FYE 2023, our net cash for investing activities was RM0.62 million. This was attributable to cash payment of RM0.60 million for the purchase of property, plant and equipment (mainly comprising plant and machineries of RM0.22 million and cement works with floor hardener for freezer and chiller rooms at Lot 842 of RM0.24 million) and withdrawal of fixed deposits with tenure more than 3 months amounting to RM0.02 million.

(iii) Net cash from / (for) financing activities**FYE 2021**

For FYE 2021, our net cash from financing activities was RM11.13 million. This was attributable to the following:

- (a) proceeds from bank borrowings including term loans and banker' acceptance of RM101.56 million to finance the constructions cost for Lot 842, working capital and purchase of supplies; and
- (b) withdrawal of fixed deposits pledged with financial institutions amounting to RM1.52 million.

The above cash inflows were offset by the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM87.93 million;
- (b) payment of dividend of RM3.00 million in respect of FYE 2020; and
- (c) payment of dividend of RM1.02 million in respect of FYE 2021.

FYE 2022

For FYE 2022, our net cash from financing activities was RM0.007 million. This was attributable to the following:

- (a) proceeds from banker' acceptance of RM107.49 million to finance our purchase of supplies; and
- (b) withdrawal of fixed deposits pledged with financial institutions amounting to RM0.15 million.

The above cash inflows were offset by the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM104.11 million;

12. FINANCIAL INFORMATION (CONT'D)

(b) payment of dividend of RM2.50 million in respect of FYE 2021; and

(c) payment of dividend of RM1.02 million in respect of FYE 2022.

FYE 2023

For FYE 2023, our net cash for financing activities was RM29.43 million This was attributable to the following:

(a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM125.36 million;

(b) payment of dividend of RM2.48 million in respect of FYE 2022; and

(c) payment of dividend of RM1.02 million in respect of FYE 2023.

The above cash outflows were offset by proceeds from banker' acceptance of RM99.43 million to finance our purchase of supplies.

12.4.3 Bank borrowings

As at 30 September 2023, our Group's total bank borrowings were set out below:

Type of borrowings	As at 30 September 2023		Total
	Repayable within 12 months	Repayable after 12 months	
	RM'000	RM'000	RM'000
Bankers' acceptances ⁽¹⁾	15,695	-	15,695
Bank overdrafts ⁽²⁾	5,966	-	5,966
Term loans ⁽³⁾	1,672	5,188	6,860
Hire purchase payables ⁽⁴⁾	37	58	95
Total	23,370	5,246	28,616

Gearing ratio ⁽⁵⁾ **0.33**

Notes:

(1) *Mainly used to purchase of supplies.*

(2) *Mainly used to fund the working capital.*

(3) *Utilised to fund the purchase of land and buildings and working capital.*

(4) *Used to fund the purchase of motor vehicles.*

(5) *Calculated based on total borrowings divided by total equity.*

Our Group has not defaulted on any payment of either principal sums and / or interest in relation to borrowings for the Financial Years Under Review and up to the LPD.

The following table sets out the contractual maturity profile (refer to cash repayments including principal and interest amounts within 1 year, more than 1 to 5 years and more than 5 years) of our borrowings as at 30 September 2023 are as follows:

12. FINANCIAL INFORMATION (CONT'D)

Maturity profile	Bankers' acceptance	Bank overdraft	Term loans	Hire purchase payables	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Within 1 year	16,416	6,425	1,946	39	24,826
More than 1 to 5 years	-	-	4,063	60	4,123
More than 5 years	-	-	1,209	-	1,209
Total	16,416	6,425	7,218	99	30,158

The details of the types of credit facilities that our Group uses and its unutilised balances as at LPD are as follows:

	Trade line	Bank overdraft	Term loans	Hire purchase payables	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Credit limit as at the LPD	92,371	13,100	13,891	78	119,440
Balance unutilised as at the LPD	58,367	13,100	-(1)	-(1)	71,467
Interest rates per annum	3.41% to 5.33%	7.45% to 7.95%	3.00% to 4.88%	4.09% to 7.44%	

Note:

(1) As at the LPD, our Group had fully drawn down the facility limit for term loans and hire purchases.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Company.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save as disclosed in Section 12.4.3 above, our Group did not use any other financial instruments.

Our Group's operations have been funded through cash and bank balance, cash generated from our operations, and external sources of funds. The external sources of funds consist primarily of banking facilities from financial institutions. The normal credit terms granted by our local suppliers range from 30 days to 90 days during the Financial Years Under Review.

As at the LPD, our Group's banking facilities from financial institutions consist of term loans, bank overdrafts and banker's acceptance used to fund our operations. The interest rates for our bank borrowings are based on the market rates prevailing at the date of the respective transactions. As at the LPD, our Group has available banking facilities of RM119.44 million mainly including term loans, bank overdrafts and bankers' acceptance, of which RM71.47 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our gearing ratio at an optimal level based on our business requirements and prevailing economic conditions.

12. FINANCIAL INFORMATION (CONT'D)

12.6 MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURE

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Source of funds	
	(1) Commitment for capital expenditure RM'000	(2) Internally generated funds / others RM'000
Approved and contracted for:		
• Property, plant and equipment ⁽¹⁾	777	777

Note:

- (1) Relates to the purchase of 3 units of delivery trucks and 1 unit of passenger car which have yet to be delivered to us. These motor vehicles cost RM0.81 million, of which RM0.03 million has been paid as deposit. The remaining balance of RM0.78 million will be settled by our internally generated fund or via hire purchase arrangement.

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

12.7.1 Material litigation

Save as disclosed below, our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

12.7.2 Contingent liabilities

As at the LPD, we do not have any other material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.8 KEY FINANCIAL RATIOS

Our key financial ratios for the Financial Years Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023
Trade receivable turnover period (days) ⁽¹⁾	45	49	55
Trade payable turnover period (days) ⁽²⁾	10	7	7
Inventories turnover (days) ⁽³⁾	58	66	63
Current ratio (times) ⁽⁴⁾	1.62	1.67	2.26
Gearing ratio (times) ⁽⁵⁾	0.60	0.59	0.33

Notes:

- (1) Based on average trade receivables as at the beginning and end of the respective financial year over total revenue of the respective financial years, and multiplied by 365 days.
- (2) Based on average trade payables as at the beginning and end of respective financial year over total cost of sales of the respective financial years, and multiplied by 365 days.
- (3) Based on average inventories as at the beginning and end of respective financial year over total purchases of the respective financial years, and multiplied by 365 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total bank borrowings over total equity.

12. FINANCIAL INFORMATION (CONT'D)

12.8.1 Trade receivable turnover period

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
Trade receivables	24,470	32,311	27,816
Trade receivable turnover period (days) ⁽¹⁾	45	49	55

Note:

- (1) Based on average trade receivables as at the beginning and end of the respective financial year over total revenue of the respective financial years and multiplied by 365.

We typically offer our customers a credit term period of 14 days to 90 days from the date of the invoice.

Our trade receivables turnover period increased from 45 days in FYE 2021 to 49 days in FYE 2022 and 55 days in FYE 2023. Despite the increase in our trade receivables turnover period, it still falls within the credit period granted.

In FYE 2022, our trade receivables turnover period increased to 49 days (FYE 2021: 45 days). This was due to higher credit terms given to the customers in FYE 2022 to remain competitive.

In FYE 2023, our trade receivable turnover period increased to 55 days (FYE 2022: 49 days) due to:

- (i) higher credit term given to the customers in FYE 2022 to remain competitive. During the year, approximately 45.56% of outstanding trade receivables carried a credit period of more than 60 days; and
- (ii) higher average trade receivables due to higher opening balance in FYE 2023 and lower revenue as compared to FYE 2022.

The ageing analysis of our Group's trade receivables as at 30 September 2023 is as follows:

	<u>Past Due</u>				<u>Total</u>
	<u>Not past due</u>	<u>1-30 days</u>	<u>31-90 days</u>	<u>More than 90 days</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Trade receivables	18,378	6,080	3,297	61	27,816
% contribution	66.07	21.86	11.85	0.22	100.00
Subsequent collections as at the LPD	17,710	6,066	3,079	61	26,916
Percentage collected	96.37	99.77	93.39	100.00	96.76
Net trade receivables after subsequent collections	668	14	218	-	900

As at the LPD, we have collected RM26.92 million or 96.76% of the total trade receivables which were outstanding as at 30 September 2023. The balance outstanding that past due between 1 and 30 days as well as past due between 31 and 90 days were RM0.01 million and RM0.22 million respectively. The balance outstanding that past due between 31 and 90 days was mainly attributable to 1 customer from Supreme Trading amounting to RM0.20 million. This customer faced tight cash flows in settling their outstanding balances to our Group and hence it took a longer time to make payments. Our Group is closely following up on collections and ensuring the recoverability of such receivable.

12. FINANCIAL INFORMATION (CONT'D)

Our management closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. As at the LPD, an allowance for impairment losses amounting to RM1.71 million has been made for the trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.8.2 Trade payable turnover period

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>
Trade payables	4,448	3,601	3,466
Trade payable turnover period (days) ⁽¹⁾	10	7	7

Note:

(1) *Based on average trade payables as at the beginning and end of the respective financial year over total cost of sales of the respective financial years, and multiplied by 365 days.*

We deal with our trade payables, which are mainly amounts owing to transporters, forwarding agent and local product suppliers, on credit terms. The normal credit terms given by our trade payable suppliers range from 30 to 90 days. Our major suppliers who are overseas (kindly refer to Section 7.15 of this Prospectus) do not grant any credit period. We are required to make full payment prior to the delivery of supplies. Hence, we have shorter trade payable turnover periods for the Financial Years Under Review.

Our trade payable turnover periods was 10 days, 7 days and 7 days for FYE 2021, FYE 2022 and FYE 2023 respectively which within the credit period given.

For FYE 2022, our trade payables turnover period decreased from 10 days in FYE 2021 to 7 days in FYE 2022 due to timely payment made to suppliers.

For FYE 2023, our trade payables turnover period remained consistent with FYE 2022.

The ageing analysis of our Group's trade payables as at 30 September 2023 is as follows:

	<u>Not past due</u>	<u>Past due</u>			<u>Total</u>
		<u>1 - 30 days</u>	<u>31 - 90 days</u>	<u>More than 90 days</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Trade payables	1,619	858	337	31	2,845
Refund liabilities	621	-	-	-	621
Total trade payables	2,240	858	337	31	3,466
% contribution	64.63	24.76	9.72	0.89	100.00
Subsequent payments as at the LPD	1,619	858	337	31	2,845
Percentage paid	72.28	100.00	100.00	100.00	82.08
Net trade payables after subsequent payments	621	-	-	-	621

As at the LPD, we have settled RM2.85 million or 82.08% of the total trade payables which were outstanding as at 30 September 2023. The remaining balance outstanding was RM0.62 million being the provision of refund to customers.

As at the LPD, we do not have any disputes in respect of our trade payables and no legal proceedings to demand for payment have been initiated by our suppliers against us.

12. FINANCIAL INFORMATION (CONT'D)**12.8.3 Inventories turnover**

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Inventories as at 30 September	32,097	29,177	25,191
Total purchases during the FYE	148,034	168,819	156,167
Inventories turnover period (days)	58	66	63

Note:

- (1) *Based on average inventories as at the beginning and end of the respective financial year over total purchase of the respective financial years and multiplied by 365 days.*

The inventories of our Group as at 30 September 2021, 2022 and 2023 can be analysed as follows:

	Audited		
	As at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
Frozen and Chilled Food Products	28,577	24,165	21,139
Ambient F&B Products	3,004	4,493	3,379
Non-Food Products	-	-	158
	31,581	28,658	24,676
Rights to recover returned goods	516	519	515
Total inventories	32,097	29,177	25,191

Our Group practices weighted average cost method in computing the cost of inventories. The costs of supplies include invoiced value of supplies purchased and expenditure incurred in acquiring inventories and bringing the inventories to our warehouses.

Our inventories turnover periods for FYE 2021 FYE 2022 and FYE 2023 were 58 days, 66 days and 63 days, respectively. We also maintain an inventory level of approximately 2 months. Our inventories turnover days vary from year to year according to purchase orders from customers. For FYE 2022, our inventories turnover days increased to 66 days (FYE 2021: 58 days) due to higher average inventories as the opening balance of inventories in FYE 2022 was higher than FYE 2021. Further, the higher inventories in FYE 2021 were to cater additional sales in FYE 2022 upon the full reopening of Malaysia's economy towards the end of 2021.

For FYE 2023, our inventories turnover days decreased to 63 days (FYE 2022: 66 days) due to lower inventories of mainly frozen lamb, mutton and buffalo as well as frozen processed foods as compared to FYE 2022. The lower inventories amount in FYE 2023 was due to lesser inventories for lamb, mutton and buffalo meats as we experienced reduced sales of the aforementioned items. Further, we make more purchases in the following period to cater for upcoming sales order.

We conduct a weekly internal meeting to review our inventory level and inventory ageing. Approval is required from our management / Directors for the replenishment of supplies and any impairment on slow moving stocks and obsolete inventories.

12. FINANCIAL INFORMATION (CONT'D)**12.8.4 Current ratio**

	Audited		
	As at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
Current assets	74,570	82,571	69,915
Current liabilities	46,095	49,478	30,976
Current ratio (times) ⁽¹⁾	1.62	1.67	2.26

Note:

(1) Based on current assets over current liabilities.

Our current ratio ranged from 1.62 to 2.26 times during the Financial Years Under Review.

Our current ratio increased from 1.62 times as at 30 September 2021 to 1.67 times as at 30 September 2022. This was attributable to the higher outstanding trade receivables which was in line with the increase in revenue in FYE 2022. In addition, the higher cash and bank balances as a result of proceeds from disposal of short-term investment and collections from customers contributed to the increase in current ratio.

Our current ratio increased from 1.67 times as at 30 September 2022 to 2.26 times as at 30 September 2023. This was attributable to the decrease in short-term borrowings mainly from lower drawdown of bankers' acceptance and higher repayments of bankers' acceptance during FYE 2023. Our Group's short-term borrowings mainly comprised bankers' acceptance for purchase of supplies.

12.8.5 Gearing ratio

	Audited		
	As at 30 September		
	2021	2022	2023
	RM'000	RM'000	RM'000
Bank borrowings ⁽¹⁾	46,269	48,799	28,616
Total equity	77,518	82,161	87,874
Gearing ratio (times) ⁽²⁾	0.60	0.59	0.33

Notes:

(1) Consist of bankers' acceptance, bank overdrafts, term loans and hire purchases.

(2) Based on total bank borrowings over total equity.

Our gearing ratio was between 0.33 times and 0.60 times during the Financial Years Under Review.

In FYE 2022, our gearing ratio improved from 0.60 times as at 30 September 2021 to 0.59 times as at 30 September 2022, due to the increase in total equity as a result of the increased retained earnings from the PAT recorded in FYE 2022. Our retained earnings increased by RM4.64 million from RM17.65 million as at 30 September 2021 to RM22.29 million as at 30 September 2022. The increase in total equity was reduced by the higher drawdown of bankers' acceptance in FYE 2022.

In FYE 2023, our gearing ratio improved from 0.59 times as at 30 September 2022 to 0.33 times as at 30 September 2023, due to the increase in total equity as a result of the increased retained earnings from the PAT recorded in FYE 2023, and the decrease in borrowings mainly as a result

12. FINANCIAL INFORMATION (CONT'D)

of lower drawdown of bankers' acceptance and higher repayments of bankers' acceptance during FYE 2023. Our retained earnings increased by RM5.72 million from RM22.29 million as at 30 September 2022 to RM28.01 million as at 30 September 2023.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Our business is subject to the risks relating to government, economic, fiscal or monetary policies. Any unfavourable changes in the government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. Please refer to Section 9.2.3 of this Prospectus for further details.

12.10 IMPACT OF INFLATION

Our financial performances for the Financial Years Under Review were not materially affected by the impact of inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business and financial performance.

12.11 IMPACT OF INTEREST RATES, COMMODITY PRICES AND / OR FOREIGN EXCHANGE RATES ON OUR GROUP'S OPERATIONS

We are exposed to market risks arising from our operations and use of financial instruments. Our key market risk exposures are to interest rate risk, commodity price fluctuations and foreign exchange risk.

Interest rate risk

All our borrowings are interest bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities including term loans, bank overdrafts, bankers' acceptance and hire purchases that are granted by banks and financial institutions. In this respect, we may be exposed to the liquidity risk that arises principally from our borrowings and the timing of costs incurred and collections from our customers.

As at 30 September 2023, our bank borrowings of RM28.62 million were interest bearing. Our finance cost increased from RM1.34 million in FYE 2021 to RM1.42 million in FYE 2022 and RM1.42 million in FYE 2023. In this respect, any increases in interest rates may impact on our financial performance. For the Financial Years Under Review and up to the LPD, we have not defaulted on any payments of either principal and / or interests in relation to our borrowings.

Commodity price fluctuation risk

Our Group distributes Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. Our Frozen and Chilled Food Products and Ambient F&B Products include commodities such as beef, buffalo, poultry, lamb, and seafood. The market prices of raw materials used to produce Frozen and Chilled Food Products and Ambient F&B Products are subject to global fluctuations in price.

Such fluctuations are attributable to, among other things, inflation, changes in the supply and demand of crops or other commodities, the weather and growing conditions as well as government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agriculture commodities, including meats, seafood and oils can be volatile. Additionally, epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short-term. These fluctuations may adversely affect our Group's suppliers, who could be forced to raise their prices for our Group's products.

12. FINANCIAL INFORMATION (CONT'D)

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. Save for FYE 2022, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact to our financial performance during the Financial Years Under Review and up to the LPD.

Foreign exchange risk

The breakdown of our revenue and purchases by currencies in the Financial Years Under Review are shown in the following tables.

	Audited					
	FYE 2021		FYE 2022		FYE 2023	
	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:						
RM	186,273	99.34	208,821	99.46	197,745	99.05
USD ⁽¹⁾	1,229	0.66	1,132	0.54	1,898	0.95
Total sales	187,502	100.00	209,953	100.00	199,643	100.00
Purchases denominated in:						
USD	96,633	58.65	113,473	68.40	90,697	59.65
RM	48,160	29.23	43,318	26.11	46,545	30.61
AUD	16,301	9.89	7,445	4.49	11,542	7.59
EURO	2,069	1.26	1,663	1.00	2,637	1.73
Others ⁽²⁾	1,607	0.97	-	-	634	0.42
Total purchases	164,770	100.00	165,899	100.00	152,055	100.00

Notes:

(1) Revenues generated from customers in Myanmar and Singapore.

(2) Others include purchases in RMB, SGD, BND and NZD.

For FYE 2021, FYE 2022 and FYE 2023, our revenue was mainly denominated in RM which contributed 99.34% 99.46% and 99.05% to our Group's total revenue, respectively.

For FYE 2021, FYE 2022 and FYE 2023, our purchases of supplies from our overseas suppliers were mainly denominated in USD, AUD and EURO which contributed 70.77%, 73.89% and 69.39% to our total purchases, respectively.

As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuation in foreign currency rates may have an adverse impact on our financial performance. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion.

For FYE 2021, FYE 2022 and FYE 2023, our net (loss) / gain from foreign exchange fluctuations are as follows:

	Audited		
	FYE 2021	FYE 2022	FYE 2023
	RM'000	RM'000	RM'000
Foreign exchange (loss) / gain			
Realised	(9)	(45)	65

12. FINANCIAL INFORMATION (CONT'D)

In order to mitigate the risk, we will continuously monitor the foreign currency fluctuation. However, despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have a material adverse impact on the financial performance of our Group.

12.12 ORDER BOOK

Due to the nature of our business, we do not maintain an order book. We generate our revenue as and when we deliver our products based on purchase orders received.

12.13 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and risk factors in Section 9 of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in Section 12.6 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and risk factors in Section 9 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and / or profits save for those that have been disclosed in this section, industry overview as set out in Section 8 of this Prospectus and business strategies as set out in Section 7.18 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and risk factors in Section 9 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and risk factors in Section 9 of this Prospectus.

12.14 RECENT DEVELOPMENTS

Please refer to Note 34 of Section 13 of this Prospectus for further details on significant events subsequent to the FYE 2023 and Section 6.4 of this Prospectus for further details on our Subsidiaries.

12. FINANCIAL INFORMATION (CONT'D)

12.15 DIVIDENDS

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for the working capital of our business. Our ability to declare and pay dividends is also subject to the discretion of our Board. Our Directors will take into consideration, amongst others, the following factors when recommending or declaring any dividends:

- (i) the availability of adequate reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions and expansion taking into consideration projected capital expenditure and investment plans;
- (iv) our working capital requirements;
- (v) any contractual restrictions and / or commitments; and
- (vi) prior written consent from financial institutions, where required.

Subject to the applicable financial covenants in the relevant facility agreements, our subsidiaries (namely, SCS, SFS and BFL) will require its financiers' consent to declare and pay dividend to our Company. As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our Subsidiaries.

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. Please refer to Section 9.3.3 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

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	Audited 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	(1)(2) 4,020	(3)(4) 3,516	(5)(6) 3,504	(7)2,484
Dividends paid	(1)(2) 4,020	(3)(4) 3,516	(5)(6) 3,504	(7)2,484
Dividend payout rate	52.58	43.09	38.01	-

Notes:

- (1) RM3.00 million was declared on 27 November 2020 and paid on 15 January 2021 in respect of FYE 2020.
- (2) RM1.02 million was declared on 20 May 2021 and paid on 15 June 2021 in respect of FYE 2021.
- (3) RM2.50 million was declared on 29 November 2021 and paid on 26 January 2022 in respect of FYE 2021.

12. FINANCIAL INFORMATION (CONT'D)

- (4) *RM1.02 million was declared on 30 May 2022 and paid on 24 June 2022 in respect of FYE 2022.*
- (5) *RM2.48 million was declared on 29 November 2022 and paid on 17 January 2023 in respect of FYE 2022.*
- (6) *RM1.02 million was declared on 11 May 2023 and paid on 20 June 2023 in respect of FYE 2023.*
- (7) *RM2.48 million was declared on 30 November 2023 and paid on 26 January 2024 in respect of FYE 2023.*

All our dividends paid are funded via internally generated funds.

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12. FINANCIAL INFORMATION (CONT'D)

12.16 INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



Date: 20 MAR 2024

The Board of Directors
Supreme Consolidated Resources Bhd.
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
2nd Floor, C378, Block C
Icom Square, Jalan Pending
93450 Kuching, Sarawak
Malaysia
Tel +6 082 552 688 / 266 988
Fax +6 082 266 987
Email info.kch2@crowe.my
www.crowe.my

Dear Sirs

SUPREME CONSOLIDATED RESOURCES BHD. (“Supreme” or the “Company”) REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Supreme and its subsidiaries (collectively known as the “Group”) as at 30 September 2023 and the related notes (as set out in Appendix A which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of Supreme on the ACE market of Bursa Malaysia Securities Berhad (“the Listing”).

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Consolidated Statements of Financial Position are described in the notes thereon to the Pro Forma Consolidated Statements of Financial Position. The Pro Forma Consolidated Statements of Financial Position is prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia (“the Prospectus Guidelines”) and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants (“Guidance Note”).

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position as if the transactions have been in existence throughout the financial year. As part of this process, information about the financial position has been extracted by the Board of Directors from the Group’s audited consolidated financial statements as at 30 September 2023.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position as set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We are independent of the Group in accordance with the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in note thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial position used in compiling the Pro Forma Consolidated Statements of Financial Position nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

The purpose of Pro Forma Consolidated Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

12. FINANCIAL INFORMATION (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

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

OPINION

In our opinion, Pro Forma Consolidated Statements of Financial Position has been compiled, in all material respects, on the basis as set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of Prospectus Guidelines.

OTHER MATTERS

This letter has been prepared solely for the purpose of inclusion in the Prospectus of Supreme in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully

A stylized signature of the firm Crowe Malaysia PLT.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

A handwritten signature of Chai Tze Chek.

Chai Tze Chek
02699/06/2025 J
Chartered Accountant

Kuching

12. FINANCIAL INFORMATION (CONT'D)

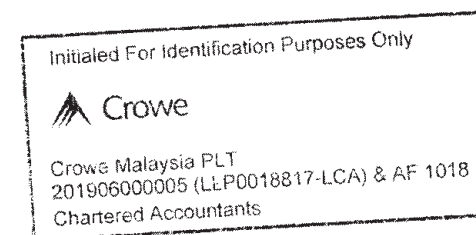
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	Audited as at 30 September 2023 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment		24,205,717			24,205,717		24,205,717		24,205,717
Investment properties		1,501,307			1,501,307		1,501,307		1,501,307
Right-of-use assets		7,043,877			7,043,877		7,043,877		7,043,877
Goodwill		21,991,831			21,991,831		21,991,831		21,991,831
		54,742,732			54,742,732		54,742,732		54,742,732

* Extracted from the Group's audited consolidated financial statements as at 30 September 2023.



12. FINANCIAL INFORMATION (CONT'D)

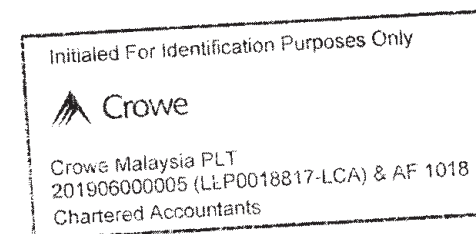
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	Note	Audited as at 30 September 2023 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
CURRENT ASSETS									
Inventories		25,191,047			25,191,047		25,191,047		25,191,047
Trade receivables		27,816,113			27,816,113		27,816,113		27,816,113
Other receivables, deposits and prepayments		340,995			340,995		340,995		340,995
Short-term investments		1,651,980			1,651,980		1,651,980		1,651,980
Current tax assets		206,733			206,733		206,733		206,733
Fixed deposits with licensed banks		1,399,936			1,399,936		1,399,936		1,399,936
Cash and bank balances	6a	13,308,588	(2,484,000)		10,824,588	[]	[]	[]	[]
		69,915,392			67,431,392		[]		[]
TOTAL ASSETS		124,658,124			122,174,124		[]		[]

* Extracted from the Group's audited consolidated financial statements as at 30 September 2023.



12. FINANCIAL INFORMATION (CONT'D)

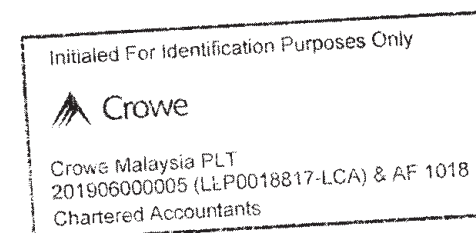
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	Note	Audited as at	Material	Bonus	Pro Forma I	Public	Pro Forma II	Utilisation	Pro Forma III
		30 September	Subsequent	Issue	After	Issue	After Pro	of	After Pro
		2023 *	Event	RM	Material	RM	Forma I and	Proceeds	Forma I and II
		RM	RM	RM	Subsequent	Public	Public Issue	RM	and Utilisation
		RM	RM	RM	Event and	Issue	RM	RM	of Proceeds
		RM	RM	RM	Bonus Issue	RM	RM	RM	and Utilisation
		RM	RM	RM	RM	RM	RM	RM	of Proceeds
EQUITY AND LIABILITIES									
EQUITY									
Share capital	6b	59,866,944			59,866,944	[]	[]	[]	[]
Retained profits	6c	28,007,534	(2,484,000)		25,523,534		[]	[]	[]
TOTAL EQUITY		87,874,478			85,390,478		[]		[]
NON-CURRENT LIABILITIES									
Bank borrowings		5,245,500			5,245,500		5,245,500		5,245,500
Deferred tax liabilities		562,297			562,297		562,297		562,297
		5,807,797			5,807,797		5,807,797		5,807,797

* Extracted from the Group's audited consolidated financial statements as at 30 September 2023.



12. FINANCIAL INFORMATION (CONT'D)

Appendix A

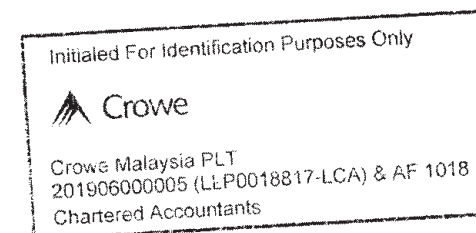
SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)

	Note	Audited as at 30 September 2023 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
CURRENT LIABILITIES									
Bank borrowings		23,369,513			23,369,513		23,369,513		23,369,513
Trade payables		3,466,131			3,466,131		3,466,131		3,466,131
Other payables and accruals		4,015,467			4,015,467		4,015,467		4,015,467
Current tax liabilities		124,738			124,738		124,738		124,738
		30,975,849			30,975,849		30,975,849		30,975,849
TOTAL LIABILITIES		36,783,646			36,783,646		36,783,646		36,783,646
TOTAL EQUITY AND LIABILITIES		124,658,124			122,174,124		[]		[]

Number of ordinary shares in issue	120,000,000		360,000,000		430,000,000		430,000,000
NA (RM)	87,874,478		85,390,478		[]		[]
NA per share (RM)	0.73		0.24		[]		[]
Earnings per share (sen)	7.68		2.56		[]		[]

* Extracted from the Group's audited consolidated financial statements as at 30 September 2023.



12. FINANCIAL INFORMATION (CONT'D)**Appendix A****SUPREME CONSOLIDATED RESOURCES BHD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023****1. INTRODUCTION**

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 September 2023 together with the notes thereon, for which the Board of Directors are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

2. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of the Group is prepared based on the audited consolidated financial statements of the Group as at 30 September 2023, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the audited financial statements and accounting policies of the Group.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, has been prepared solely for illustrative purposes only to show the effects of the transactions as disclosed in Notes 3, 4, 5 and 6 to the Pro Forma Consolidated Statements of Financial Position as at 30 September 2023 had the transactions been effected on 30 September 2023. As part of this process, information about the financial position has been extracted by the Board of Directors from the audited consolidated financial statements as at 30 September 2023.

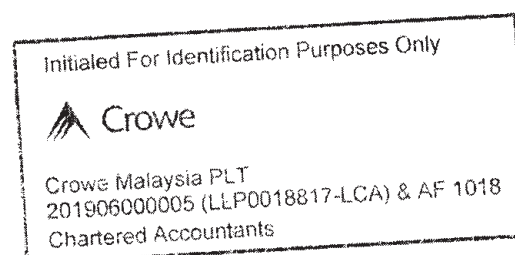
The audited consolidated financial statements used in the preparation of this Pro Forma Consolidated Statements of Financial Position were not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.

3. MATERIAL SUBSEQUENT EVENT OCCURRING AFTER 30 SEPTEMBER 2023

On 30 November 2023, the Company declared an interim dividend of 2.07 sen per ordinary share amounting to RM2,484,000 for the financial year ended 30 September 2023, payable on 26 January 2024, to shareholders whose names appeared in the record of depositors on 29 December 2023.

The dividend is illustrated in the Pro Forma in accordance with Paragraph 9.20 of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines.



12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)****4. LISTING SCHEME****4.1. Bonus Issue of Shares**

The Proposed Bonus Issue of Shares will entail the issuance of 2 bonus Shares for every 1 existing Share. The number of Shares in issuance is 240,000,000. Upon the completion of the Bonus Issue of Shares, the enlarged issued shares of the Company will be 360,000,000 Shares.

4.2. Public Issue of Shares

The Company will undertake the Proposed Issuance which entails the issuance of 70,000,000 new Shares, representing approximately 16% of the enlarged issued share capital of the Company at [] per share.

4.3. Listing

Upon completion of the IPO, the Company's entire enlarged issued share capital of 430,000,000 Shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**5.1 Pro Forma I**

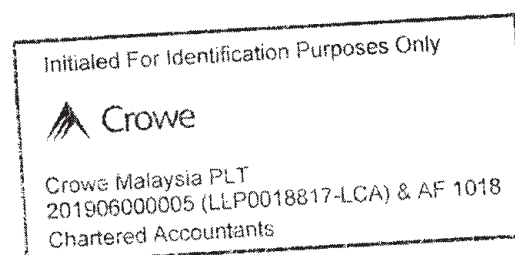
Pro Forma I incorporates the effects of material subsequent event and bonus issue as set out in Section 3 and Section 4.1 respectively.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of the public issue as set out in Section 4.2.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and the effects of the utilisation of proceeds from the public issue.



12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 (CONT'D)****5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****5.3 Pro Forma III (Cont'd)**

The proceeds from the public issue will be utilised as follows:-

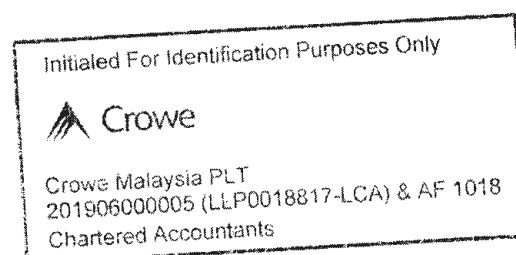
Purpose	RM	% of proposed utilisation	Estimated time frame for utilisation (from listing date)
Expansion of warehouse facility #	[]	[]	Within 24 months
Working capital #	[]	[]	Within 24 months
Estimated listing expenses *	[]	[]	Immediate
	<u>[]</u>	<u>100.00</u>	

As at the latest practicable date, the Group did not enter into any contractual binding arrangements in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.

* The estimated listing expenses comprise the following:

	RM
Professional fees	[]
Brokerage and underwriting fees	[]
Regulatory fees	[]
Printing, translation and other miscellaneous expenses	[]
	<u>[]</u>

The estimated listing expenses of [] directly attributable to the Public Issue will be set off against share capital under the Companies Act 2016, Malaysia and the remaining estimated listing expenses of [] will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the Listing.



12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023 (CONT'D)****6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(a) Movement in cash and bank balances**

	RM
Balance as at 30 September 2023	13,308,588
Effects of Pro Forma I:	
- After material subsequent event	[]
Pro Forma I	[]
Effects of Pro Forma II:	
- After public issue	[]
Pro Forma II	[]
Effects of Pro Forma III:	
- Utilisation of proceeds	[]
Pro Forma III	[]


(b) Movement in share capital

	RM
Balance as at 30 September 2023/Pro Forma I	59,866,944
Effects of Pro Forma II:	
- After public issue	[]
Pro Forma II	[]
Effects of Pro Forma III:	
- Utilisation of proceeds	[]
Pro Forma III	[]

(c) Movement in retained profits

	RM
Balance as at 30 September 2023	28,007,534
Effects of Pro Forma I:	
- After material subsequent event	[]
Pro Forma I/Pro Forma II	[]
Effects of Pro Forma III:	
- Utilisation of proceeds	[]
Pro Forma III	[]

Initialed For Identification Purposes Only

 Crowe

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Supreme Consolidated Resources Bhd. in accordance with a resolution dated **20 MAR 2024**

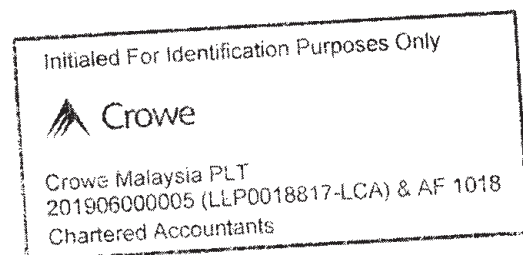
On behalf of the Board of Directors,



Dato Richard Wee Liang Huat @
Richard Wee Liang Chiat



Ting Ing Thai



13. ACCOUNTANTS' REPORT



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
2nd Floor, C378, Block C
Icom Square, Jalan Pending
93450 Kuching, Sarawak
Malaysia
Tel +6 082 552 688 / 266 988
Fax +6 082 266 987
Email info.kch2@crowe.my
www.crowe.my

20 MAR 2024

The Board of Directors
Supreme Consolidated Resources Bhd.
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Dear Sir/Madam,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SUPREME CONSOLIDATED RESOURCES BHD. ("SUPREME" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprise the consolidated statements of financial position as at 30 September 2021, 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended 30 September 2021, 2022 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out in pages 4 to 90.

The historical financial information has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with Chapter 10, Part II, Division 1 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 30 September 2021, 2022 and 2023, and of their financial performance and their cash flows for each of the financial years ended 30 September 2021, 2022 and 2023 in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

13. ACCOUNTANTS' REPORT (CONT'D)**DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

13. ACCOUNTANTS' REPORT (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A stylized signature of the firm Crowe Malaysia PLT.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

A handwritten signature of Chai Tze Chek.

Chai Tze Chek
02699/06/2025 J
Chartered Accountant

Kuching

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTE	2021 RM	2022 RM	2023 RM
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	4	27,286,817	25,954,084	24,205,717
Investment properties	5	1,562,868	1,532,054	1,501,307
Right-of-use assets	6	7,471,711	7,253,134	7,043,877
Intangible assets	7	78,237	22,237	-
Goodwill	8	21,991,831	21,991,831	21,991,831
		<u>58,391,464</u>	<u>56,753,340</u>	<u>54,742,732</u>
CURRENT ASSETS				
Inventories	9	32,096,871	29,177,452	25,191,047
Trade receivables	10	24,470,348	32,310,589	27,816,113
Other receivables, deposits and prepayments	11	1,768,602	413,186	340,995
Short-term investments	12	2,562,328	1,601,062	1,651,980
Current tax assets		683,025	1,466,743	206,733
Fixed deposits with licensed banks	13	1,573,415	1,373,390	1,399,936
Cash and bank balances		11,415,716	16,228,995	13,308,588
		<u>74,570,305</u>	<u>82,571,417</u>	<u>69,915,392</u>
TOTAL ASSETS		<u>132,961,769</u>	<u>139,324,757</u>	<u>124,658,124</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	NOTE	2021 RM	2022 RM	2023 RM
EQUITY AND LIABILITIES				
EQUITY				
Share capital	14	59,866,944	59,866,944	59,866,944
Retained profits		17,650,730	22,293,865	28,007,534
TOTAL EQUITY		77,517,674	82,160,809	87,874,478
NON-CURRENT LIABILITIES				
Bank borrowings	15	8,623,075	6,940,268	5,245,500
Deferred tax liabilities	16	726,513	745,033	562,297
		9,349,588	7,685,301	5,807,797
CURRENT LIABILITIES				
Bank borrowings	15	37,645,661	41,859,381	23,369,513
Trade payables	17	4,448,045	3,600,829	3,466,131
Other payables and accruals	18	3,948,808	3,409,220	4,015,467
Current tax liabilities		51,993	609,217	124,738
		46,094,507	49,478,647	30,975,849
TOTAL LIABILITIES		55,444,095	57,163,948	36,783,646
TOTAL EQUITY AND LIABILITIES		132,961,769	139,324,757	124,658,124

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

	NOTE	2021 RM	2022 RM	2023 RM
REVENUE	19	187,501,807	209,952,778	199,642,776
COST OF SALES		(165,741,624)	(187,952,610)	(175,781,324)
GROSS PROFIT		21,760,183	22,000,168	23,861,452
OTHER INCOME	20	692,474	530,093	644,303
		22,452,657	22,530,261	24,505,755
ADMINISTRATIVE EXPENSES		(9,608,875)	(9,557,326)	(9,793,796)
FINANCE COSTS	21	(1,341,386)	(1,420,825)	(1,422,006)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	22	(621,130)	(158,061)	(408,042)
PROFIT BEFORE TAXATION	23	10,881,266	11,394,049	12,881,911
INCOME TAX EXPENSE	24	(3,235,460)	(3,234,914)	(3,664,242)
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,645,806	8,159,135	9,217,669
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:-				
Owners of the Company		7,645,806	8,159,135	9,217,669
EARNINGS PER SHARE (SEN)	25			
Basic		6.37	6.80	7.68
Diluted		6.37	6.80	7.68

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	NOTE	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.10.2020		59,866,944	14,024,924	73,891,868
Profit after taxation, representing total comprehensive income for the financial year		-	7,645,806	7,645,806
Dividends	26	-	(4,020,000)	(4,020,000)
Balance at 30.9.2021/1.10.2021		59,866,944	17,650,730	77,517,674
Profit after taxation, representing total comprehensive income for the financial year		-	8,159,135	8,159,135
Dividends	26	-	(3,516,000)	(3,516,000)
Balance at 30.9.2022/1.10.2022		59,866,944	22,293,865	82,160,809
Profit after taxation, representing total comprehensive income for the financial year		-	9,217,669	9,217,669
Dividends	26	-	(3,504,000)	(3,504,000)
Balance at 30.9.2023		59,866,944	28,007,534	87,874,478

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2021 RM	2022 RM	2023 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES			
Profit before taxation	10,881,266	11,394,049	12,881,911
Adjustments for:-			
Amortisation of intangible assets	56,000	56,000	22,237
Bad debts written off	13,368	17,103	5,433
Depreciation:			
- investment properties	30,749	30,814	30,747
- property, plant and equipment	1,678,392	2,498,534	2,339,983
- right-of-use assets	211,086	218,577	209,257
Finance costs	1,341,386	1,420,825	1,422,006
Impairment losses on trade receivables	726,499	967,687	1,399,295
Intangible assets written off	5,763	-	-
Inventories written off, net of reversal	2,563,794	2,046,817	837,350
Property, plant and equipment written off	1	7,382	2,875
Bad debts recovered	-	(5,571)	(2,036)
Dividend income from short-term investments	(62,328)	(38,734)	(50,918)
(Gain)/Loss on disposal of property, plant and equipment	(139,333)	114	(4,803)
Gain on bargain purchase	-	-	(2,452)
Interest income	(101,269)	(56,851)	(74,975)
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)
Operating profit before working capital changes	17,100,005	17,747,120	18,024,657
(Increase)/Decrease in inventories	(19,325,937)	872,602	3,274,695
(Increase)/Decrease in trade and other receivables	(3,671,186)	(6,654,418)	4,188,761
(Decrease)/Increase in trade and other payables	(200,767)	(1,386,804)	317,362
CASH (FOR)/FROM OPERATIONS	(6,097,885)	10,578,500	25,805,475
Income tax paid	(3,480,484)	(3,442,888)	(4,432,335)
Income tax refunded	-	-	1,135,495
Interest paid	(1,341,386)	(1,420,825)	(1,422,006)
Interest received	101,269	56,851	74,975
Real property gain tax refunded	-	-	225,000
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(10,818,486)	5,771,638	21,386,604

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	NOTE	2021 RM	2022 RM	2023 RM
CASH FLOWS FOR INVESTING ACTIVITIES				
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	-	-	(3,589)
Purchase of property, plant and equipment	28(a)	(4,474,969)	(1,175,547)	(596,830)
(Purchase)/Disposal of short-term investments		(2,500,000)	1,000,000	-
Proceeds from disposal of property, plant and equipment		266,884	2,250	8,590
Withdrawal of/(Additions of) fixed deposits with tenure more than 3 months		982,814	52,323	(23,302)
NET CASH FOR INVESTING ACTIVITIES		(5,725,271)	(120,974)	(615,131)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES				
Dividend paid		(4,020,000)	(3,516,000)	(3,504,000)
Increase/(Decrease) in bankers' acceptances	28(b)	13,806,000	5,193,787	(24,224,787)
Drawdown of term loans	28(b)	2,066,343	-	-
Repayment of hire purchase obligations	28(b)	(110,383)	(139,525)	(87,235)
Repayment of term loans	28(b)	(2,132,725)	(1,679,385)	(1,614,030)
Withdrawal of/(Additions to) pledged fixed deposits		1,525,470	148,194	(2,510)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		11,134,705	7,071	(29,432,562)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,409,052)	5,657,735	(8,661,089)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		15,787,697	10,378,645	16,036,380
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28(d)	10,378,645	16,036,380	7,375,291

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

This report has been prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in this prospectus of Supreme Consolidated Resources Bhd. in connection with the listing of and quotation for the entire enlarged issued share capital of Supreme Consolidated Resources Bhd on the ACE market of Bursa Malaysia Securities Berhad.

The Company was incorporated in Malaysia on 11 July 2016 as a private limited liability company under the name of Supreme Consolidated Resources Sdn. Bhd..

On 10 July 2018, the Company was converted into a public limited company and assumed its present name.

The registered office and principal place of business are as follows:-

Registered office and : Block B-58, Level 2,
Taman Sri Sarawak Mall,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak.

Principal place of business : Lot 842, Block 7,
Muara Tebas Land District,
Lorong Demak Laut 3A,
Demak Laut Industrial Park,
93050 Kuching, Sarawak.

Supreme Consolidated Resources Bhd. ("SCRB") is principally engaged in the business of investment holding.

The details of the subsidiaries which have their principal place of business and country of incorporation in Malaysia are as follows:-

- (a) Supreme Cold Storage Sdn. Bhd. ("SCS") was incorporated on 17 November 1987 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products.
- (b) Supreme Food Supply (M) Sdn. Bhd. ("SFS") was incorporated on 6 April 1999 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.
- (c) Borneo Food Land Coldstorage Sdn. Bhd. ("BFL") was incorporated on 24 May 2000 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.
- (d) Supreme Transportation Sdn. Bhd. ("STSB") (formerly known as SKJU Logistics Sdn. Bhd.) was incorporated on 24 August 2016 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the business of provision of transportation services.
- (e) Supreme Trading Sdn. Bhd. ("STRADING") was incorporated on 8 July 2008 as a private limited company and was subsequently acquired by SCRB and become a 100% owned subsidiary of SCRB. It is principally engaged in the sales of Non-F&B products in Sabah and Sarawak.
- (f) Supreme Dairy Ventures Sdn. Bhd. ("SDV") was incorporated on 10 June 2019 as a 100% owned subsidiary of SCRB, a private limited company and was dormant since the date of incorporation.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**2. BASIS OF PREPARATION**

The consolidated financial statements of the Group for the financial years ended 30 September 2021, 2022 and 2023 have been prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under significant accounting policies, and in compliance with MFRS, IFRSs and Prospectus Guidelines. The financial statements of all subsidiaries for the above mentioned financial years were audited by Crowe Malaysia PLT and were not subject to any qualification, modification or disclaimer of opinion.

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.2 BASIS OF CONSOLIDATION**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 BASIS OF CONSOLIDATION (CONT'D)****(c) Changes in Ownership Interests in Subsidiaries Without Change of Control**

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the Group's functional currency on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments***(i) Amortised Cost**

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(ii) Fair Value through Other Comprehensive Income**

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.5 FINANCIAL INSTRUMENTS (CONT'D)****(d) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.6 PROPERTY, PLANT AND EQUIPMENT**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% -20%
Furniture, fittings and equipment	10% - 50%
Motor vehicles	20%
Office renovation	15% - 20%
Plant and machineries	15% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 INTANGIBLE ASSETS – AGENCY RIGHTS

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of an asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economics lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

The principal amortisation rates used for this purpose are:-

Agency rights

5 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.9 LEASES**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

3.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.11 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

3.12 IMPAIRMENT**(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

3.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 INCOME TAXES (CONT'D)

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

3.16 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

3.17 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.19 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)**

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3.21 OTHER INCOME**(a) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Management Fee Income

Management fee income is recognised on an accrual basis.

(c) Interest Income

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

(d) Rental Income

Rental income is recognised on an accrual basis.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2020 RM	Additions RM	Disposals RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 30.9.2021 RM
2021							
<i>Carrying Amount</i>							
Freehold land	-	930,000	-	-	-	-	930,000
Buildings	6,552,998	492,310	-	-	8,503,954	(294,304)	15,254,958
Furniture, fittings and equipment	1,373,593	1,104,442	(24,463)	(1)	3,165,531	(479,225)	5,139,877
Motor vehicles	863,206	751,733	(83,120)	-	-	(465,345)	1,066,474
Office renovation	224,786	28,550	-	-	-	(36,681)	216,655
Plant and machineries	1,707,950	432,090	(19,968)	-	2,855,000	(402,837)	4,572,235
Capital work-in-progress	13,725,259	905,844	-	-	(14,524,485)	-	106,618
	24,447,792	4,644,969	(127,551)	(1)	-	(1,678,392)	27,286,817

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.10.2021 RM	Additions RM	Disposals RM	Write Off RM	Reclassification RM	Depreciation Charges RM	At 30.9.2022 RM
2022							
<i>Carrying Amount</i>							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	15,254,958	38,480	-	-	-	(412,690)	14,880,748
Furniture, fittings and equipment	5,139,877	332,481	(2,364)	(7,381)	-	(789,876)	4,672,737
Motor vehicles	1,066,474	370,378	-	-	-	(462,007)	974,845
Office renovation	216,655	3,160	-	-	-	(38,466)	181,349
Plant and machineries	4,572,235	431,048	-	(1)	106,618	(795,495)	4,314,405
Capital work-in-progress	106,618	-	-	-	(106,618)	-	-
	27,286,817	1,175,547	(2,364)	(7,382)	-	(2,498,534)	25,954,084

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1.10.2022 RM	Additions RM	Disposals RM	Write Off RM	Acquisition of A Subsidiary RM	Depreciation Charges RM	At 30.9.2023 RM
2023							
<i>Carrying Amount</i>							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	14,880,748	239,047	-	-	-	(407,836)	14,711,959
Furniture, fittings and equipment	4,672,737	95,461	(3,787)	(2,875)	1,448	(771,797)	3,991,187
Motor vehicles	974,845	34,000	-	-	-	(353,824)	655,021
Office renovation	181,349	4,100	-	-	-	(27,066)	158,383
Plant and machineries	4,314,405	224,222	-	-	-	(779,460)	3,759,167
	<u>25,954,084</u>	<u>596,830</u>	<u>(3,787)</u>	<u>(2,875)</u>	<u>1,448</u>	<u>(2,339,983)</u>	<u>24,205,717</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Freehold land	930,000	-	930,000
Buildings	17,786,254	(2,531,296)	15,254,958
Furniture, fittings and equipment	7,553,903	(2,414,026)	5,139,877
Motor vehicles	4,157,988	(3,091,514)	1,066,474
Office renovation	673,752	(457,097)	216,655
Plant and machineries	6,707,149	(2,134,914)	4,572,235
Capital work-in-progress	106,618	-	106,618
	<u>37,915,664</u>	<u>(10,628,847)</u>	<u>27,286,817</u>
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
Freehold land	930,000	-	930,000
Buildings	17,824,734	(2,943,986)	14,880,748
Furniture, fittings and equipment	7,871,176	(3,198,439)	4,672,737
Motor vehicles	4,528,366	(3,553,521)	974,845
Office renovation	676,912	(495,563)	181,349
Plant and machineries	7,222,815	(2,908,410)	4,314,405
	<u>39,054,003</u>	<u>(13,099,919)</u>	<u>25,954,084</u>

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Freehold land	930,000	-	930,000
Buildings	18,063,781	(3,351,822)	14,711,959
Furniture, fittings and equipment	7,951,592	(3,960,405)	3,991,187
Motor vehicles	4,483,466	(3,828,445)	655,021
Office renovation	681,012	(522,629)	158,383
Plant and machineries	7,447,037	(3,687,870)	3,759,167
	<u>39,556,888</u>	<u>(15,351,171)</u>	<u>24,205,717</u>

- (a) Included in the property, plant and equipment of the Group are buildings with carrying amount of RM13,928,523 (2021 – RM14,771,708; 2022 – RM14,039,578) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (b) Included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM101,500 (2021 – RM316,501; 2022 – RM202,100) held under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 15.
- (c) The title of the building of the Group with carrying amount of Nil (2021 – RM253,452; 2022 – RM242,667) is in the process of being registered in the name of the subsidiary. The title of the building is transferred to the Group during the financial year 2023.
- (d) Included in the property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	2021 RM	2022 RM	2023 RM
Buildings	1,024,823	1,031,523	1,031,523
Furniture, fittings and equipment	1,441,757	1,755,867	1,908,205
Motor vehicles	1,647,988	2,039,288	3,093,487
Office renovation	228,933	228,933	228,933
Plant and machineries	1,432,706	1,445,670	1,749,216
	<u>5,776,207</u>	<u>6,501,281</u>	<u>8,011,364</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
2021			
<i>Carrying Amount</i>			
Buildings	1,593,617	(30,749)	1,562,868
	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
2022			
<i>Carrying Amount</i>			
Buildings	1,562,868	(30,814)	1,532,054
	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
2023			
<i>Carrying Amount</i>			
Buildings	1,532,054	(30,747)	1,501,307

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**5. INVESTMENT PROPERTIES (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Buildings	1,626,927	(64,059)	1,562,868

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2022			
Buildings	1,626,927	(94,873)	1,532,054

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2023			
Buildings	1,626,927	(125,620)	1,501,307
Fair value			1,620,000

- (a) The investment properties have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (b) At the end of the reporting period, the titles of the investment properties of the Group with carrying amount of Nil (2021 – RM1,562,868; 2022 – RM1,532,054) are in the process of being registered in the name of the subsidiaries. The titles of the investment properties are transferred to the Group during the financial year 2023.
- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**6. RIGHT-OF-USE ASSETS**

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
2021			
<i>Carrying Amount</i>			
Short-term leasehold land	7,682,797	(211,086)	7,471,711
	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
2022			
<i>Carrying Amount</i>			
Short-term leasehold land	7,471,711	(218,577)	7,253,134
	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
2023			
<i>Carrying Amount</i>			
Short-term leasehold land	7,253,134	(209,257)	7,043,877

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**6. RIGHT-OF-USE ASSETS (CONT'D)**

- (a) The Group has lease contracts for short-term leasehold land used in its operations. Their lease terms are as below:

	2021	2022	2023
	RM	RM	RM
Short-term leasehold land	27 to 60 years	27 to 60 years	27 to 60 years

- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) Included in the right-of-use assets of the Group are short-term leasehold land with carrying amount of RM6,227,620 (2021 – RM6,583,910; 2022 – RM6,401,123) have been granted to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (d) At the end of the reporting period, the titles of the short-term leasehold land of the Group with carrying amount of Nil (2021 – RM4,570,839; 2022 – RM4,441,633) are in the process of being registered in the name of the subsidiaries.

7. INTANGIBLE ASSETS

	At 1.10.2020 RM	Write Off RM	Amortisation RM	At 30.9.2021 RM
2021				
<i>Carrying Amount</i>				
Agency rights	140,000	(5,763)	(56,000)	78,237

	At 1.10.2021 RM	Amortisation RM	At 30.9.2022 RM
2022			
<i>Carrying Amount</i>			
Agency rights	78,237	(56,000)	22,237

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONT'D)

	At 1.10.2022 RM	Amortisation RM	At 30.9.2023 RM
2023			
<i>Carrying Amount</i>			
Agency rights	22,237	(22,237)	-
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2021			
Agency rights	260,790	(182,553)	78,237
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2022			
Agency rights	260,790	(238,553)	22,237
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
2023			
Agency rights	260,790	(260,790)	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**8. GOODWILL**

	2021 RM	2022 RM	2023 RM
Cost:-			
At 1 October/30 September	21,991,831	21,991,831	21,991,831

The carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of trading of food and beverage products.

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flows are extrapolated using an estimated growth rate based on management's assumptions for the forecast period as well as their historical experience of the business.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the cold storage business. The pre-tax discount rate applied to the applied to the cash flow projections are derived from the weighted average cost of capital of the Group.

The key assumptions used in the value-in-use calculations are an average growth rate of 2% (2021 – 2%; 2022 – 2%) per annum with a discount factor of 10% (2021 – 10%; 2022 – 10%). Management is of the opinion that there are no foreseeable changes in any of the above assumptions that would cause the carrying amount of the CGU to materiality exceed its recoverable amount.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**9. INVENTORIES**

	2021 RM	2022 RM	2023 RM
At cost:-			
Frozen and chilled food products	28,577,495	24,165,399	21,138,603
Ambient F&B products	3,003,822	4,492,697	3,379,340
Non-F&B products	-	-	158,125
	31,581,317	28,658,096	24,676,068
Rights to recover returned goods	515,554	519,356	514,979
	32,096,871	29,177,452	25,191,047
Recognised in profit or loss:-			
Inventories recognised as cost of sales	145,470,651	166,771,643	155,438,135
Inventories written off	2,563,794	2,770,648	1,619,851
Reversal of inventories previously written off	-	(723,831)	(782,501)

An asset for a right to recover returned goods and the corresponding refund liabilities are recognised in relation to food and beverages sold. These are measured by reference to the carrying amounts of inventories sold less any expected costs to recover those inventories and any potential decrease in value.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**10. TRADE RECEIVABLES**

	2021 RM	2022 RM	2023 RM
Third parties	25,596,531	33,595,954	29,517,258
Related parties	18,297	17,176	9,438
	<u>25,614,828</u>	<u>33,613,130</u>	<u>29,526,696</u>
Allowance for impairment losses	(1,144,480)	(1,302,541)	(1,710,583)
	<u>24,470,348</u>	<u>32,310,589</u>	<u>27,816,113</u>
Allowance for impairment losses:-			
At 1 October	523,350	1,144,480	1,302,541
Addition during the financial year	726,499	967,687	1,399,295
Reversal during the financial year	(105,369)	(809,626)	(991,253)
At 30 September	<u>1,144,480</u>	<u>1,302,541</u>	<u>1,710,583</u>

- (a) The Group's normal trade credit terms ranging from 14 to 90 (2021 – 30 to 60; 2022 – 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) The amount owing by related parties is amount due from companies in which certain directors of the Group have financial interest. The amount is unsecured, interest-free and repayable on demand. The amount is to be settled in cash.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 RM	2022 RM	2023 RM
Other receivables:			
- third parties	213,879	136,485	54,465
Deposits	241,636	210,886	197,036
Prepayments	1,313,087	65,815	89,494
	<u>1,768,602</u>	<u>413,186</u>	<u>340,995</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**12. SHORT-TERM INVESTMENTS**

	2021 RM	2022 RM	2023 RM
Unit trusts, at fair value	2,562,328	1,601,062	1,651,980

13. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.55% to 2.70% (2021 – 1.45% to 2.49%; 2022 – 1.19% to 2.40%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2021 – 1 to 12; 2022 – 1 to 12) months.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was a total amount of RM107,177 (2021 – RM252,861; 2022 – RM104,667) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

14. SHARE CAPITAL

	2021 Number of Shares	2022 Number of Shares	2023 Number of Shares
Issued and Fully Paid-Up			
Ordinary Shares	120,000,000	120,000,000	120,000,000
	2021 RM	2022 RM	2023 RM
Issued and Fully Paid-Up			
Ordinary Shares	59,866,944	59,866,944	59,866,944

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**15. BANK BORROWINGS**

	2021 RM	2022 RM	2023 RM
Short-term borrowings (secured):			
- Bank overdrafts	1,068,598	224,634	5,966,050
- Bankers' acceptances	34,726,000	39,919,787	15,695,000
- Term loans	1,737,316	1,627,725	1,671,964
- Hire purchase payables	113,747	87,235	36,499
	37,645,661	41,859,381	23,369,513
Long-term borrowings (secured):			
- Term loans	8,415,844	6,846,050	5,187,781
- Hire purchase payables	207,231	94,218	57,719
	8,623,075	6,940,268	5,245,500
Total borrowings (secured):			
- Bank overdrafts	1,068,598	224,634	5,966,050
- Bankers' acceptances	34,726,000	39,919,787	15,695,000
- Term loans	10,153,160	8,473,775	6,859,745
- Hire purchase payables	320,978	181,453	94,218
	46,268,736	48,799,649	28,615,013

- (a) The bank borrowings of the Group are secured by way of:-
- (i) legal charge over the property, plant and equipment, investment properties and right-of-use assets of the Group as disclosed in Notes 4, 5 and 6;
 - (ii) pledge of fixed deposits of the Group as disclosed in Note 13; and
 - (iii) joint and several guarantee by certain directors of the Group.
- (b) The bank overdrafts bore interest rates ranging from 7.45% to 7.95% (2021 – 6.20% to 6.70%; 2022 – 7.32%) per annum.
- (c) The bankers' acceptances bore interest rates ranging from 3.41% to 5.33% (2021 – 1.97% to 4.02%; 2022 – 2.31% to 4.77%) per annum.
- (d) The term loans bore interest rates ranging from 3.00% to 4.88% (2021 – 3.00% to 6.70%; 2022 – 3.00% to 4.70%) per annum.
- (e) The hire purchase payable at the end of the reporting period bore effective interest rates ranging from 4.09% to 7.44% (2021 – 4.09% to 7.44%; 2022 – 4.09% to 7.44%) per annum.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**16. DEFERRED TAX LIABILITIES**

	At 1.10.2020 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2021 RM
2021			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment*	(507,420)	(380,515)	(887,935)
<i>Deferred Tax Assets</i>			
Provision	62,270	99,152	161,422
	<u>(445,150)</u>	<u>(281,363)</u>	<u>(726,513)</u>
2022			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment*	(887,935)	(19,367)	(907,302)
<i>Deferred Tax Assets</i>			
Provision	161,422	847	162,269
	<u>(726,513)</u>	<u>(18,520)</u>	<u>(745,033)</u>
2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment*	(907,302)	(36,756)	(944,058)
<i>Deferred Tax Assets</i>			
Provision	162,269	219,492	381,761
	<u>(745,033)</u>	<u>182,736</u>	<u>(562,297)</u>

* Includes the deferred tax from the revaluation of property, plant and equipment.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**17. TRADE PAYABLES**

	2021 RM	2022 RM	2023 RM
Trade payables	3,783,313	2,912,160	2,845,101
Refund liabilities	664,732	688,669	621,030
	4,448,045	3,600,829	3,466,131

The normal trade credit term granted to the Group is 30 to 90 (2021 – 30 to 60; 2022 – 30 to 90) days.

18. OTHER PAYABLES AND ACCRUALS

	2021 RM	2022 RM	2023 RM
Other payables:-			
Third parties	1,130,255	818,195	909,640
Related parties	2,190	-	1,439
	1,132,445	818,195	911,079
Accruals	2,753,077	2,525,039	2,633,402
Deposits	63,286	65,986	470,986
	3,948,808	3,409,220	4,015,467

The amount owing to related parties is amount due to companies in which certain directors of the Group have financial interest. The amount are to be settled in cash.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**19. REVENUE**

	2021 RM	2022 RM	2023 RM
Revenue from Contracts with Customers			
<u>Recognised at a point in time</u>			
Frozen and chilled food products	166,715,871	187,214,097	176,356,023
Ambient F&B products	20,785,936	22,738,681	22,939,293
Non-F&B products	-	-	347,460
	187,501,807	209,952,778	199,642,776

For sales to supermarkets that permit the customers to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue recognised will not occur. The Group estimated the returns based on the historical and forward-looking data.

The information on the disaggregation of revenue by geographical market is disclosed in Note 31.2.

20. OTHER INCOME

	2021 RM	2022 RM	2023 RM
Bad debts recovered	-	5,571	2,036
COVID-19-related subsidies from government	16,800	-	-
Dividend income from short-term investments	62,328	38,734	50,918
Freight income	25,916	28,383	23,349
Gain on bargain purchase	-	-	2,452
Gain on disposal of property, plant and equipment	139,333	280	4,803
Incentive income	64,347	25,283	-
Interest income on financial assets measured at amortised cost:			
- bank balances	48,681	33,314	48,429
- fixed deposits with licensed banks	52,588	23,537	26,546
Lease income:			
- rental income from investment properties	111,500	192,550	139,150
- property, plant and equipment	4,800	3,600	57,600
- sublease of right-of-use asset	-	-	6,000
Miscellaneous	166,181	178,841	216,684
Realised gain on foreign exchange	-	-	64,631
Service and maintenance	-	-	1,705
	692,474	530,093	644,303

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**21. FINANCE COSTS**

	2021 RM	2022 RM	2023 RM
Interest expense on financial liabilities that are not at fair value through profit or loss:			
- bank overdrafts interest	81,737	112,665	239,297
- bankers' acceptances interest	862,021	948,135	841,560
- hire purchase interest	16,191	12,493	6,166
- term loans interest	381,437	347,532	334,983
	1,341,386	1,420,825	1,422,006

22. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2021 RM	2022 RM	2023 RM
Impairment loss on trade receivables	726,499	967,687	1,399,295
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)
	621,130	158,061	408,042

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**23. PROFIT BEFORE TAXATION**

	2021 RM	2022 RM	2023 RM
Profit before taxation is arrived at after charging/(crediting):-			
Amortisation of intangible assets	56,000	56,000	22,237
Auditors' remuneration:			
- current year provision	117,000	130,000	150,000
- overprovision in the previous financial year	-	(1,000)	-
Bad debts written off	13,368	17,103	5,433
Depreciation:			
- investment properties	30,749	30,814	30,747
- property, plant and equipment	1,678,392	2,498,534	2,339,983
- right-of-use assets	211,086	218,577	209,257
Directors' remuneration (Note 29(a))	3,206,989	3,137,745	3,197,199
Intangible assets written off	5,763	-	-
Inventories written off	2,563,794	2,770,648	1,619,851
Lease expenses:			
- short-term leases	64,000	122,331	49,359
- low value assets	8,868	8,921	8,881
Loss on disposal of property, plant and equipment	-	394	-
Plant hire	-	-	1,270
Property, plant and equipment written off	1	7,382	2,875
Realised loss on foreign exchange	8,632	44,890	-
Reversal of inventories previously written off	-	(723,831)	(782,501)
Staff costs (including other key management personnel as disclosed in Note 29(b)):			
- short-term employee benefits	6,864,560	7,567,689	8,197,362
- defined contribution benefits	1,178,446	1,157,187	1,192,166

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE

	2021 RM	2022 RM	2023 RM
Current tax expense:			
- for the financial year	2,902,265	3,259,301	3,905,681
- under/(over)provision in the previous financial year	51,832	(42,907)	(58,703)
	<u>2,954,097</u>	<u>3,216,394</u>	<u>3,846,978</u>
Deferred tax expense (Note 16):			
- origination and reversal of temporary difference	301,818	19,900	(192,391)
- (over)/underprovision in the previous financial year	(20,455)	(1,380)	9,655
	<u>281,363</u>	<u>18,520</u>	<u>(182,736)</u>
	<u>3,235,460</u>	<u>3,234,914</u>	<u>3,664,242</u>

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

	2021 RM	2022 RM	2023 RM
Profit before taxation	10,881,266	11,394,049	12,881,911
Tax at the statutory tax rate of 24% (2021 - 24%; 2022 - 24%)	2,611,504	2,734,572	3,091,659
Tax effects of:-			
Non-deductible expenses	523,157	605,225	612,101
Non-taxable income	(7,714)	-	-
Deferred tax movements not recognised during the financial year	77,136	(60,596)	9,530
Under/(Over)provision in the previous financial year:			
- income tax	51,832	(42,907)	(58,703)
- deferred tax	(20,455)	(1,380)	9,655
Income tax expense for the financial year	<u>3,235,460</u>	<u>3,234,914</u>	<u>3,664,242</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**25. EARNINGS PER SHARE**

	2021 RM	2022 RM	2023 RM
Profit after taxation attributable to owners of the Company (RM)	7,645,806	8,159,135	9,217,669
Weighted average number of ordinary shares in issue	120,000,000	120,000,000	120,000,000
Basic earnings per share (sen)	6.37	6.80	7.68

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

26. DIVIDENDS

	2021 RM	2022 RM	2023 RM
First interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 September 2020	3,000,000	-	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2021	1,020,000	-	-
Second interim dividend of 2.08 sen per ordinary share in respect of the financial year ended 30 September 2021	-	2,496,000	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2022	-	1,020,000	-
Second interim dividend of 2.07 sen per ordinary share in respect of the financial year ended 30 September 2022	-	-	2,484,000
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2023	-	-	1,020,000
	4,020,000	3,516,000	3,504,000

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**27. ACQUISITION OF A SUBSIDIARY**

On 31 May 2023, the Company acquired 100% equity interests in Supreme Trading Sdn. Bhd..

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	2023 RM
Equipment	1,448
Inventories	125,640
Trade receivables	33,533
Bank overdraft	(2,589)
Trade payables	(3,162)
Other payables and accruals	(3,200)
Amount owing to directors	(147,825)
Current tax liabilities	(393)
	<hr/>
Net identifiable assets acquired	3,452
Less: Gain on bargain purchase	(2,452)
	<hr/>
Total purchase consideration, to be settled by cash	1,000
Less: Cash and bank balances of subsidiary acquired	2,589
	<hr/>
Net cash outflow from the acquisition of a subsidiary	<u>3,589</u>

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**28. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	2021 RM	2022 RM	2023 RM
Cost of property, plant and equipment purchased (Note 4)	4,644,969	1,175,547	596,830
Less: Acquired through hire purchase (Note 28 (b))	(170,000)	-	-
	4,474,969	1,175,547	596,830

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2021				
At 1 October	20,920,000	10,219,542	261,361	31,400,903
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	99,491,877	2,066,343	-	101,558,220
Repayment of principal	(85,685,877)	(2,132,725)	(110,383)	(87,928,985)
Repayment of interest	(862,021)	(381,437)	(16,191)	(1,259,649)
	12,943,979	(447,819)	(126,574)	12,369,586
<u>Other Changes</u>				
New hire purchase (Note 28(a))	-	-	170,000	170,000
Interest expense recognised in profit or loss	862,021	381,437	16,191	1,259,649
	862,021	381,437	186,191	1,429,649
At 30 September	34,726,000	10,153,160	320,978	45,200,138

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2022				
At 1 October	34,726,000	10,153,160	320,978	45,200,138
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	107,485,171	-	-	107,485,171
Repayment of principal	(102,291,384)	(1,679,385)	(139,525)	(104,110,294)
Repayment of interest	(948,135)	(347,532)	(12,493)	(1,308,160)
	4,245,652	(2,026,917)	(152,018)	2,066,717
<u>Other Changes</u>				
Interest expense recognised in profit or loss	948,135	347,532	12,493	1,308,160
	948,135	347,532	12,493	1,308,160
At 30 September	39,919,787	8,473,775	181,453	48,575,015

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
2023				
At 1 October	39,919,787	8,473,775	181,453	48,575,015
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	99,429,709	-	-	99,429,709
Repayment of principal	(123,654,496)	(1,614,030)	(87,235)	(125,355,761)
Repayment of interest	(841,560)	(334,983)	(6,166)	(1,182,709)
	(25,066,347)	(1,949,013)	(93,401)	(27,108,761)
<u>Other Changes</u>				
Interest expense recognised in profit or loss	841,560	334,983	6,166	1,182,709
	841,560	334,983	6,166	1,182,709
At 30 September	15,695,000	6,859,745	94,218	22,648,963

(c) The total cash outflows for leases as a lessee are as follows:-

	2021 RM	2022 RM	2023 RM
Payment of short-term leases	64,000	122,331	49,359
Payment of low-value assets	8,868	8,921	8,881
	72,868	131,252	58,240

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**28. CASH FLOW INFORMATION (CONT'D)**

(d) The cash and cash equivalents comprise the following:-

	2021 RM	2022 RM	2023 RM
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936
Cash and bank balances	11,415,716	16,228,995	13,308,588
Bank overdrafts	(1,068,598)	(224,634)	(5,966,050)
	11,920,533	17,377,751	8,742,474
Less: Fixed deposits pledged to licensed banks	(252,861)	(104,667)	(107,177)
Less: Fixed deposits with tenure of more than 3 months	(1,289,027)	(1,236,704)	(1,260,006)
	10,378,645	16,036,380	7,375,291

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**29. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	2021 RM	2022 RM	2023 RM
(a) Directors			
<u>Directors of the Company</u>			
Short-term employee benefits:			
- fees	700,000	760,000	760,000
- salaries, bonuses and other benefits	2,176,549	2,068,145	2,121,794
	<u>2,876,549</u>	<u>2,828,145</u>	<u>2,881,794</u>
Defined contribution benefits	330,440	309,600	315,405
Total directors' remuneration (Note 23)	<u>3,206,989</u>	<u>3,137,745</u>	<u>3,197,199</u>
(b) Other Key Management Personnel			
Short-term employee benefits	1,119,802	1,064,588	1,095,538
Defined contribution benefits	160,896	173,111	160,731
Total compensation for other key management personnel (Note 23)	<u>1,280,698</u>	<u>1,237,699</u>	<u>1,256,269</u>

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**30. RELATED PARTY DISCLOSURES****(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, companies connected to directors of the Group, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	2021 RM	2022 RM	2023 RM
Acquisition of equity interest in Supreme Trading Sdn. Bhd. from a director	-	-	1,000
Maintenance fees paid/payable to a company in which certain directors of the Group are directors and have financial interest	-	-	31,735
Purchases of property, plant and equipment from companies in which certain directors of the Group are directors and have financial interest	1,625,000	-	-
Purchases from a company in which certain directors of the Group are directors and have financial interest	-	-	18,559
Sales to companies in which certain directors of the Group are directors and have financial interest	(107,590)	(115,359)	(76,209)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT

For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:-

- Frozen and chilled food products segment – involved in the trading of frozen and chilled food and beverage products, logistics and transportation of goods and investment holding.
- Ambient-F&B products segment – involved in the trading of ambient food and beverage products.
- Non-F&B products segment – involved in the wholesale of cleaning material.

Segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities of the Group.

31.1 BUSINESS SEGMENT

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	The Group RM
2021			
Revenue			
Total revenue	166,715,871	20,785,936	187,501,807
Results			
Segment gross profit	20,310,067	1,450,116	21,760,183

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT (CONT'D)

31.1 BUSINESS SEGMENT (CONT'D)

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	The Group RM
2022			
Revenue			
Total revenue	187,214,097	22,738,681	209,952,778
Results			
Segment gross profit	20,658,760	1,341,408	22,000,168

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	Non Food and beverages RM	The Group RM
2023				
Revenue				
Total revenue	176,356,023	22,939,293	347,460	199,642,776
Results				
Segment gross profit	21,955,413	1,839,924	66,115	23,861,452

Segment profit after taxation are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment profit after taxation of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**31. OPERATING SEGMENT (CONT'D)****31.2 GEOGRAPHICAL INFORMATION**

Revenue is based on the country in which the customers are located. The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time		
	2021	2022	2023
	RM	RM	RM
Malaysia	186,273,010	208,821,530	197,744,643
Myanmar	604,975	825,698	1,898,133
Singapore	623,822	305,550	-
	<u>187,501,807</u>	<u>209,952,778</u>	<u>199,642,776</u>

31.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CAPITAL COMMITMENT

	2021 RM	2022 RM	2023 RM
Authorised and Contracted for:			
Purchase of property, plant and equipment	73,000	-	-
Construction of property, plant and equipment	228,658	-	-
	301,658	-	-

33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk
(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
<u>Financial Assets</u>					
Trade receivables	1,431	-	-	24,468,917	24,470,348
Other receivables	184,482	6,297	558	22,542	213,879
Short-term investments	-	-	-	2,562,328	2,562,328
Fixed deposits with licensed banks	-	-	-	1,573,415	1,573,415
Cash and bank balances	-	-	-	11,415,716	11,415,716
	185,913	6,297	558	40,042,918	40,235,686

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	46,268,736	46,268,736
Trade payables	350,916	-	450	4,096,679	4,448,045
Other payables and accruals	-	-	-	3,948,808	3,948,808
	<u>350,916</u>	<u>-</u>	<u>450</u>	<u>54,314,223</u>	<u>54,665,589</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2021					
Net financial (liabilities)/assets	(165,003)	6,297	108	(14,271,305)	(14,429,903)
Less: Net financial assets denominated in the Group's functional currency	-	-	-	14,271,305	14,271,305
Currency Exposure	(165,003)	6,297	108	-	(158,598)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
<u>Financial Assets</u>					
Trade receivables	139,299	-	-	32,171,290	32,310,589
Other receivables	109,434	683	7,553	18,815	136,485
Short-term investments	-	-	-	1,601,062	1,601,062
Fixed deposits with licensed banks	-	-	-	1,373,390	1,373,390
Cash and bank balances	-	-	-	16,228,995	16,228,995
	<u>248,733</u>	<u>683</u>	<u>7,553</u>	<u>51,393,552</u>	<u>51,650,521</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	48,799,649	48,799,649
Trade payables	16	-	286,704	3,314,109	3,600,829
Other payables and accruals	-	-	-	3,409,220	3,409,220
	16	-	286,704	55,522,978	55,809,698

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2022					
Net financial assets/(liabilities)	248,717	683	(279,151)	(4,129,426)	(4,159,177)
Less: Net financial liabilities denominated in the Group's functional currency	-	-	-	4,129,426	4,129,426
Currency Exposure	248,717	683	(279,151)	-	(29,751)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
<u>Financial Assets</u>					
Trade receivables	-	-	-	27,816,113	27,816,113
Other receivables	36,936	788	232	16,509	54,465
Short-term investments	-	-	-	1,651,980	1,651,980
Fixed deposits with licensed banks	-	-	-	1,399,936	1,399,936
Cash and bank balances	-	-	-	13,308,588	13,308,588
	36,936	788	232	44,193,126	44,231,082

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	28,615,013	28,615,013
Trade payables	-	-	450	3,465,681	3,466,131
Other payables and accruals	-	-	-	4,015,467	4,015,467
	-	-	450	36,096,161	36,096,611

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
2023					
Net financial assets/(liabilities)	36,936	788	(218)	8,096,965	8,134,471
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(8,096,965)	(8,096,965)
Currency Exposure	36,936	788	(218)	-	37,506

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	2021 RM	2022 RM	2023 RM
Effects on Profit After Taxation			
USD/RM			
- strengthened by 10%	(12,712)	18,902	2,844
- weakened by 10%	12,712	(18,902)	(2,844)
EUR/RM			
- strengthened by 10%	472	52	64
- weakened by 10%	(472)	(52)	(64)
AUD/RM			
- strengthened by 10%	8	(21,215)	(52)
- weakened by 10%	(8)	21,215	52

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)**(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 15.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	2021	2022	2023
	RM	RM	RM
Effects on Profit After Taxation			
Increase of 25 basis points	(86,256)	(90,027)	(53,519)
Decrease of 25 basis points	86,256	90,027	53,519

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in prices of unit trusts.

Any reasonably possible change in the prices of unit trusts at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM27,137,306 (2021 – RM43,958,180; 2022 – RM46,929,220), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 150 days (2021 – 90 days; 2022 – 150 days) past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2021 – 12 months; 2022 – 12 months) before the reporting date and the corresponding historical credit losses experienced within this period.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2021				
Current (not past due)	10,834,869	(24,107)	(58,569)	10,752,193
1 to 30 days past due	8,030,905	(213,393)	(55,174)	7,762,338
31 to 60 days past due	3,976,540	(192,591)	(36,144)	3,747,805
61 to 90 days past due	1,796,498	(50,832)	(39,504)	1,706,162
More than 90 days past due	686,675	-	(184,825)	501,850
Credit impaired	289,341	(289,341)	-	-
	<u>25,614,828</u>	<u>(770,264)</u>	<u>(374,216)</u>	<u>24,470,348</u>
	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2022				
Current (not past due)	16,996,073	(47,441)	(56,619)	16,892,013
1 to 30 days past due	7,644,958	(125,664)	(41,129)	7,478,165
31 to 60 days past due	3,601,213	(279,419)	(24,291)	3,297,503
61 to 90 days past due	3,002,100	(299,226)	(27,753)	2,675,121
91 days to 150 days past due	2,175,579	(156,707)	(51,085)	1,967,787
Credit impaired	193,207	(157,309)	(35,898)	-
	<u>33,613,130</u>	<u>(1,065,766)</u>	<u>(236,775)</u>	<u>32,310,589</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)*Allowance for Impairment Losses (Cont'd)*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2023				
Current (not past due)	18,596,480	(122,415)	(96,173)	18,377,892
1 to 30 days past due	6,482,864	(355,645)	(46,940)	6,080,279
31 to 60 days past due	2,818,179	(605,645)	(14,901)	2,197,633
61 to 90 days past due	1,329,768	(220,834)	(9,937)	1,098,997
91 days to 150 days past due	73,546	-	(12,234)	61,312
Credit impaired	225,859	(114,199)	(111,660)	-
	<u>29,526,696</u>	<u>(1,418,738)</u>	<u>(291,845)</u>	<u>27,816,113</u>

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)**(iii) Assessment of Impairment Losses (Cont'd)**Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2021						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	1.97% - 7.44%	46,268,736	48,778,700	38,967,534	7,344,745	2,466,421
Trade payables	-	4,448,045	4,448,045	4,448,045	-	-
Other payables and accruals	-	3,948,808	3,948,808	3,948,808	-	-
		54,665,589	57,175,553	47,364,387	7,344,745	2,466,421

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2022						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	2.31% - 7.44%	48,799,649	51,067,165	43,395,850	6,225,017	1,446,298
Trade payables	-	3,600,829	3,600,829	3,600,829	-	-
Other payables and accruals	-	3,409,220	3,409,220	3,409,220	-	-
		55,809,698	58,077,214	50,405,899	6,225,017	1,446,298

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2023						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	3.30% - 7.95%	28,615,013	30,157,892	24,826,095	4,122,790	1,209,007
Trade payables	-	3,466,131	3,466,131	3,466,131	-	-
Other payables and accruals	-	4,015,467	4,015,467	4,015,467	-	-
		36,096,611	37,639,490	32,307,693	4,122,790	1,209,007

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)*Maturity Analysis (Cont'd)*

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

33.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	2021 RM	2022 RM	2023 RM
Bank borrowings	46,268,736	48,799,649	28,615,013
Trade payables	4,448,045	3,600,829	3,466,131
Other payables and accruals	3,948,808	3,409,220	4,015,467
	<u>54,665,589</u>	<u>55,809,698</u>	<u>36,096,611</u>
Less: Fixed deposits not pledged with licensed banks	(31,527)	(32,019)	(32,753)
Less: Cash and bank balances	(11,415,716)	(16,228,995)	(13,308,588)
Net debt	<u>43,218,346</u>	<u>39,548,684</u>	<u>22,755,270</u>
Total equity	<u>77,517,674</u>	<u>82,160,809</u>	<u>87,874,478</u>
Debt-to-equity ratio	<u>0.56</u>	<u>0.48</u>	<u>0.26</u>

There was no change in the Group's approach to capital management during the financial year.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
<u>Fair Value through Profit or Loss</u>			
Short-term investments	2,562,328	1,601,062	1,651,980
<u>Amortised Cost</u>			
Trade receivables	24,470,348	32,310,589	27,816,113
Other receivables	213,879	136,485	54,465
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936
Cash and bank balances	11,415,716	16,228,995	13,308,588
	<u>37,673,358</u>	<u>50,049,459</u>	<u>42,579,102</u>
Financial Liabilities			
<u>Amortised Cost</u>			
Bank borrowings	46,268,736	48,799,649	28,615,013
Trade payables	4,448,045	3,600,829	3,466,131
Other payables and accruals	3,948,808	3,409,220	4,015,467
	<u>54,665,589</u>	<u>55,809,698</u>	<u>36,096,611</u>

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2021 RM	2022 RM	2023 RM
Financial Assets			
<u>Fair Value Through Profit or Loss</u>			
Net gains recognised in profit or loss	62,328	38,734	50,918
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	(533,229)	(113,969)	(336,484)
Financial Liabilities			
<u>Amortised Cost</u>			
Net losses recognised in profit or loss	(1,358,207)	(1,465,715)	(1,357,375)

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
2021				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	2,562,328	-	2,562,328	2,562,328
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	549,865	549,865	550,000
2022				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	1,601,062	-	1,601,062	1,601,062
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	453,451	453,451	461,130

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
2023				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	1,651,980	-	1,651,980	1,651,980
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	349,174	349,174	352,905

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of unit trusts is determined by reference to statements provided by the financial institution, with which the investments were entered into at the reporting date.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments Not Carried at Fair Value

- (i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	2021	2022	2023
Term loans (fixed rate)	3.69%	4.02%	4.86%

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD****(a) Dividend Declared and Paid**

On 30 November 2023, the Company declared an interim dividend of 2.07 sen per ordinary share amounting to RM2,484,000 for the financial year ended 30 September 2023, payable on 26 January 2024, to shareholders whose names appeared in the record of depositors on 29 December 2023.

(b) Status of Corporate Proposals

Save for the following, there was no other corporate proposal announced but pending completion as at the date of this report.

Proposed Transfer of Listing

On 29 September 2023 the Company announced that the following shareholders: BNDM Incorporated Holdings Sdn Bhd, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat, Lim Ah Ted, Ting Ing Thai, Brandon Wee Wei Xuan, Ting Ing Soon, Lim Hang Min and Terence Lim Tze Yung (collectively, the "Proposers") had vide a letter dated 29 September 2023 requested the Board to consider undertaking the following:

- (i) proposed voluntary withdrawal of listing of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("**LEAP Market Listing Requirements**") ("**Proposed Withdrawal of Listing**"); and
- (ii) proposed listing of the Company on the ACE Market of Bursa Securities ("**Proposed Listing**"),

collectively referred to as the "**Proposed Transfer of Listing**".

The Board (save for Dato Richard Wee Liang Huat, Lim Ah Ted and Ting Ing Thai, who are part of the Proposers) had subsequently deliberated and agreed on the Proposed Transfer of Listing and the Company will take the necessary steps to implement the Proposed Transfer of Listing.

Pursuant to the Proposed Withdrawal of Listing, the Company on 27 October 2023 submitted an application, to Bursa Securities to seek an exemption from having to comply with the following:

- (i) the requirement for the Proposers to extend an exit offer to the remaining shareholders of the Company ("**Remaining Shareholders**") pursuant to Rule 8.06(1)(c) of the LEAP Market Listing Requirements; and
- (ii) for the appointment of an independent adviser to advise and make recommendations for the consideration of the shareholders in connection with the Proposed Withdrawal of Listing as well as the fairness and reasonableness of the exit offer, pursuant to Rule 8.06(1)(d) of the LEAP Market Listing Requirements,

collectively referred to as the "**Proposed Exemptions**".

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

- (b) Status of Corporate Proposals (Cont'd)

Proposed Transfer of Listing (Cont'd)

On 20 November 2023, Bursa Securities via a letter resolved to approve the Proposed Exemptions subject to the condition that the undertakings set out in the Remaining Shareholders' undertaking letters remain valid and binding until the completion of the proposed withdrawal of the Company's listing from the LEAP Market of Bursa Securities.

Proposed Bonus Issue of Shares

On 30 November 2023, Company proposed to undertake a bonus issue of 240,000,000 new SCRB Shares ("**Bonus Share(s)**") on the basis of 2 Bonus Shares for every 1 existing SCRB Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined later ("**Proposed Bonus Issue of Shares**").

The Proposed Bonus Issue of Shares is intended to be undertaken by the Company purely as a pre-listing exercise prior to the Proposed Listing, where it forms an integral part of the Company's listing of and quotation for its enlarged issued share capital on the ACE Market of Bursa Securities pursuant to the Proposed Transfer of Listing.

Pursuant to the Proposed Bonus Issue of Shares, the Company on 1 December 2023 submitted an application for the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities.

Bursa Securities had vide its letter dated 9 January 2024 taken note of the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities on a date to be determined later after all requisite approvals have been obtained in relation to the Proposed Transfer of Listing (as defined in the Company's announcement dated 29 September 2023).

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

- (c) Status of Corporate Proposals (Cont'd)

Approval from Shareholders

On 31 January 2024, the Company had obtained approval from the shareholders on the resolutions for the Proposed Transfer of Listing and the Proposed Bonus Issue of Shares at an EGM.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat and Ting Ing Thai, being two of the directors of Supreme Consolidated Resources Bhd., state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 90 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as of 30 September 2021, 2022 and 2023 and of their financial performance and cash flows for the financial years ended on those date.

Signed on behalf of the Board in accordance with a resolution of the directors dated

20 MAR 2024



**Dato Richard Wee Liang Huat @
Richard Wee Liang Chiat**



Ting Ing Thai

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

Words	Meaning
"Act"	means the Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company.
"Applicable Laws"	means all laws, bye-laws, regulation, rules, orders and / or official directions for the time being in force affecting or concerning the Company and its subsidiaries, including but not limited to the Act, the SICDA, the Listing Requirements and the Rules and every other law for the time being in force and any other directives or requirements imposed on the Company by the relevant regulatory bodies and / or authorities.
"Central Depository"	means Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)) or such other names by which it may be known from time to time.
"Clause"	means any provision in this Constitution.
"Company"	means the abovenamed Company by whatever name from time to time called.
"Constitution"	means this Constitution as originally framed or as altered from time to time by Special Resolution.
"Deposited Security"	means a Security or Securities standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense.
"Depositor"	means a holder of a Securities Account established by the Central Depository.
"Director(s)"	means the Director(s) for the time being of the Company by whatever name called and includes a person in accordance with those directions or instructions the majority Directors are accustomed to act and includes their duly appointed alternate Director.
"Exchange"	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) or such other names by which it may be known from time to time.
"Listing Requirements"	means the ACE Market Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time.
"Member(s)"	means any person(s) whose name(s) is / are entered in the Company's Register of Members including Depositors whose names appear on the Record of Depositors except the Central Depository and/or its nominee company in its capacity as a bare trustee.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Words	Meaning
"Office"	means the registered office for the time being of the Company.
"Ordinary Resolution"	means a resolution which has been passed by a simple majority of more than half of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
"Record of Depositors"	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	means the Rules of the Central Depository including any amendment thereto that may be made time to time.
"Security(ies)"	has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force made thereunder.
"Securities Account"	means an account established by the Central Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
"Share(s)"	means shares in the Company.
"SICDA"	means the Securities Industry (Central Depositories) Act 1991, and every statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislations made thereunder.
"Special Resolution"	means a resolution of which a notice of not less than twenty-one (21) days has been given and which has been passed by a majority of not less than seventy-five per centum (75%) of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
"Subsidiary"	has the meaning assigned thereto in the Act.

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14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.1.1 Changes to share capital and variation of class rights**Clause 7.1 – Types of shares**

The share capital of the Company is its issued share capital. The Shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

Clause 7.2 – Issue of shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of this Constitution, the Applicable Laws, the Act and the provisions of any resolution of the Company, Shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such Shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of Shares shall comply with the following conditions:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in meeting of Members;
- (b) in the case of Shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (c) every issue of Shares or options to employees and / or Directors shall be approved by the Members in meeting of Members and such approval shall specifically detail the amount of Shares or options to be issued to such employees and / or Directors; and only Directors holding office in an executive capacity shall participate in such an issue of Shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of Shares pursuant to public offer or a public issue;
- (d) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement or dividend reinvestment scheme undertaken in compliance with the Listing Requirements, a Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary Shares or other Securities with rights of conversion to ordinary Shares unless the Members in meeting of Members have approved the specific allotment to be made to the Director major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;

In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, major shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**Clause 7.6 – Renunciation**

The Directors may at any time after the allotment of Security but before any person has been entered in the Register of Members as the holder recognise a renunciation of such Security by the allottee in favour of some other person and may accord to any allottee of a Security a right to effect such renunciation on such terms and conditions as the Directors may determine.

Clause 7.10 – Issue of securities

Subject to the Applicable Laws and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must ensure that it shall not issue any Shares or convertible Securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per centum (10%) of the total number of the issued Shares of the Company or such other limit as prescribed by the Exchange from time to time, except where the Shares or convertible Securities are issued with the prior approval of the Members in meeting of Members of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the Security is a convertible security, each such Security is counted as the maximum number of Shares into which it can be converted or exercised.

Clause 15.1 – Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of Shares into any other class of Shares.

Clause 16.1 – Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 16.6 – Issue of new Shares to existing Members

Subject to any direction to the contrary that may be given by the Company in meeting of Members, all new Shares or other convertible Securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from the Company of meetings of Members, in proportion, as nearly as circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares or Securities offered, the Directors may, subject to this Constitution, dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities), cannot, in the opinion of the Directors, be conveniently, offered under this Constitution.

Clause 16.7 – New Share to be original capital unless otherwise provided

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 17 – Variation of rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

14.1.2 Transfer of securities**Clause 11.1 – Transfer in writing and to be left at the Office**

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 11.2 – Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security.

Clause 11.3 – Execution

The instrument of transfer of a Share in the Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

Clause 11.4 – Prohibited transfer

Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid up Securities in the Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

Clause 11.5 – Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.

Clause 11.7 – Limitation of liability

Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**14.1.3 Remuneration of Directors****Clause 21.4 – Remuneration**

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual approval by an Ordinary Resolution at a meeting of Members;
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and / or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities.

Clause 22.3 – Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

Clause 23.4 – Director's pensions

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with the Company or to his widow or dependents or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Clause 23.5 – Power to maintain pension fund

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or of the predecessors in business of the Company or any such subsidiary company, or the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment towards the insurance of any such persons as aforesaid, and subscriptions or

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

14.1.4 Voting and borrowing powers of our Directors

Clause 19.2 – Quorum

No business shall be transacted at any meeting of Members unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person or by proxy shall be a quorum. For the purpose of this Constitution, "Member" includes a person attending as a proxy or representing a corporation which is a Member.

Clause 19.3 – Proceeding of quorum not present meeting adjourned or dissolved

If within half (1/2) an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following such public holiday), at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present within half (1/2) an hour from the time appointed for holding the adjourned meeting, the Members present shall be a quorum and may transact the business of which the adjourned meeting was called.

Clause 19.6 – Voting by show of hands

On a resolution to be decided on show of hand, a Member who is personally present or by proxy or attorney or by a duly authorised representative and entitled to vote, or a holder of preference shares or proxy or attorney or by a duly authorised representative shall be entitled to one (1) vote.

Clause 19.8 – Voting by poll

- (a) Subject to any express requirements under the Listing Requirements, any resolution set out in the notice of any meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any meeting of Members, shall be voted by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of chairman or on a question of adjournment shall be taken immediately.
- (b) On a poll, votes may be given either personally or by proxy. A proxy shall be any person appointed by a Member and who shall not necessarily be a Member and such proxy shall be entitled to vote on a poll provided he is the only proxy appointed by the Member. Where a Member entitled to vote on a resolution has appointed more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise, the appointment shall not be valid.

Clause 20.1 – Chairman's casting vote

In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote in addition to the votes to which he may be entitled as a Member.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**Clause 20.2 – Voting rights**

Subject to Clause 18(7) of this Constitution and to any rights or restrictions for the time being attached to any Shares or classes of Shares, at meetings of Members or classes of Members, each Member entitled to present and to vote in respect of any Share or Shares upon which all calls due to the Company have been paid, either in person or by proxy or attorney or any other duly authorised representative. On a resolution to be decided by a poll, every Member voting in person or by proxy or attorney or any duly authorised representative shall have one (1) vote for each share he holds.

Clause 23.2 – Directors' borrowing powers

- (a) Subject to Applicable Laws, the Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.
- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

14.2 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the LPD, our Company has only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Section 6.5 of this Prospectus, no shares, stocks or debentures of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (iv) None of the share capital of our Group is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (v) Save for the Public Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus and subject to our Listing, there is currently no other scheme involving our directors and employees in the share capital of our Group.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in this Prospectus, and save as provided for under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our Subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND / OR EXERCISE VOTING RIGHTS

Save as disclosed in Section 14.4 below, there is no limitation on the right to own our Shares including any limitation on the right of a non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by Malaysian law or by our Constitution.

14.4 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

- (i) Supplementary Agreement (III) dated 29 September 2022 ("**Third Supplementary Agreement**") entered into between EPT Sdn Bhd ("**EPT**") and SCS, to further vary the terms of the Sale and Purchase Agreement dated 31 March 2018 ("**Principal SPA**") for the sale of a parcel of land with a double storey semi-detached industrial building erected thereon known as Lot 8276 Section 64 Kuching Town Land District ("**Lot 8276**") and the sole rights to product brands of Ramly, Hiestand, Makcik and Dailey Fresh Farm, all by EPT to SCS at the consideration sum of RM1,400,000.00 consisting of RM820,000.00 for Lot 8276, RM300,000.00 for the cold room and RM280,000.00 for the rights to the said product brands.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Under the Principal SPA, the completion of the sale and transfer of Lot 8276 was subject to EPT obtaining approval of all unauthorised extensions carried out to the building from the relevant authorities within 6 months from the date of the Principal SPA (“**Conditional Period**”). By a letter dated 30 September 2018, the Conditional Period was extended to expire on 29 September 2019 to enable EPT to demolish and remove all the unauthorised extensions and thereafter to obtain the necessary approval from the relevant authorities. A further extension from 29 September 2019 until 30 September 2020 was given to EPT pursuant to a Supplemental Agreement (I) dated 27 September 2019 entered into between EPT and SCS. Subsequently, by a Supplemental Agreement (II) dated 29 September 2020 entered into by the same parties, another extension of 24 months from 30 September 2020 until 30 September 2022 was given to EPT.

Under the Third Supplementary Agreement, SCS agreed to waive the condition imposed on EPT to demolish and remove all unauthorised extensions and to obtain the necessary approval from the relevant authorities after such removal, in order to proceed with the completion of the transaction under the Principal SPA and the transfer of legal ownership of Lot 8276 to SCS. However, it remains an obligation on the part of EPT to demolish and remove all the unauthorised extensions and thereafter to obtain the necessary approval from the relevant authorities at EPT’s costs (“**Remaining obligation under the Principal SPA**”), within the period from 30 September 2022 until 29 September 2023.

With the extension granted by SCS to EPT pursuant to the Third Supplementary Agreement, the legal ownership of Lot 8276 was transferred to SCS on 23 March 2023.

By a letter dated 5 September 2023, SCS agreed to discharge and release EPT from its Remaining obligation under the Principal SPA, in view that SCS has entered into an agreement to dispose of Lot 8276 at its present state and condition, to MESB (as disclosed in sub-paragraph (iii) below).

As at the LPD, the sale and transfer of legal ownership of Lot 8276 to SCS has been completed and there are no other obligations on the part of EPT or SCS under the Principal SPA which are outstanding.

- (ii) Agreement for Shares dated 11 May 2023 entered into between Lim Ah Ted as the vendor and the Company as the purchaser, for the disposal of all the 100 ordinary shares in Supreme Trading (“**Supreme Trading Shares**”) by Lim Ah Ted representing the entire issued share capital in Supreme Trading, to our Company at the total consideration sum of RM1,000.00.

This Agreement for Shares is conditional upon our Company obtaining the approval of our Board and our shareholders for the purchase of the Supreme Trading Shares, and upon our Company’s satisfaction of the results of the legal and financial due diligence review of Supreme Trading, and upon obtaining any other approvals, consents or permissions from any regulatory authority or third party as required.

Under the Agreement for Shares, Lim Ah Ted shall procure Supreme Trading to repay the outstanding advances of RM147,824.58 (as at the date of this Agreement for Shares) due and owing to the existing directors of Supreme Trading within 3 months from the completion date of the Agreement for Shares. It is also agreed between Lim Ah Ted and our Company that Lim Ah Ted shall remain as a director of Supreme Trading after the completion of the transaction contemplated by the Agreement for Shares.

As at the LPD, this Agreement for Shares has been completed, and our Company is now the holding company of Supreme Trading.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (iii) Sale and Purchase Agreement dated 23 June 2023 entered into between SCS and Sim Chin Kheng, for SCS to sell and the said Sim Chin Kheng to purchase Lot 8276, at the consideration sum of RM920,000.00 comprising RM820,000.00 for Lot 8276, and RM100,000.00 for the cold room at Lot 8276. Subsequently, pursuant to a Deed of Revocation of Agreement dated 18 August 2023, SCS and the said Sim Chin Kheng had mutually revoked this Agreement and discharged each other from the performance of the terms of this Agreement, with neither party having any further claims or rights against the other.

As at LPD, this Agreement is no longer subsisting, but has been revoked.

- (iv) Sale and Purchase Agreement dated 5 September 2023 entered into between SCS and Mainline Enterprise Sdn Bhd ("**MESB**"), for SCS to sell and MESB to purchase, Lot 8276 at its present state and condition which MESB has inspected, at the consideration sum of RM900,000.00.

This Agreement is subject to the special condition of SCS removing, uninstalling, dismantling and / or disposing items belonging to SCS which are kept at Lot 8276 such as container, freezers and compressors, before SCS hands over vacant possession of Lot 8276 to MESB.

MESB is given 2 months from 5 September 2023 to settle the balance consideration sum, with a grace period of 1 month which shall be subject to a simple interest of 5% per annum on the outstanding balance consideration sum until full settlement thereof. The legal ownership of Lot 8276 was transferred by SCS to MESB on 31 October 2023, and MESB has fully settled the consideration sum to SCS.

As at the LPD, this Agreement has been completed.

- (v) [the Underwriting Agreement].

14.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither our Company nor our Subsidiaries are engaged in any governmental, legal, claims or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, whether as plaintiff or defendant or as a third party which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

There are no governmental laws, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

14.8 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.9 LETTERS OF CONSENT

The written consents of our Principal Adviser, Underwriter, Placement Agent, Company Secretary, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion of their names and all references thereto in the form and context in which such names appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Independent Market Researcher for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14.10 RESPONSIBILITY STATEMENT

- (i) Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.
- (ii) Kenanga IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

14.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our head office during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report prepared by the IMR as included in Section 8 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as included in Section 12.1 of this Prospectus;
- (iv) the Accountants' Report as included in Section 13 of this Prospectus;
- (v) our material contracts as referred to in Sections 7.19 and 14.5 of this Prospectus;
- (vi) the letters of consent as referred to in Section 14.9 of this Prospectus; and
- (vii) the audited financial statements of SCRB and our subsidiaries for the Financial Years Under Review.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT MALAYSIAN ISSUING HOUSE SDN BHD, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION : [●]
PERIOD

CLOSING OF THE APPLICATION PERIOD : [●]

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
(i) Applications by the Malaysian Public:	
(a) Individuals	WHITE Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	WHITE Application Form only
(ii) Applications by the Eligible Persons	PINK Application Form only

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.2.2 Application by selected investors via private placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(b) Bumiputera investors approved by the MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000.00 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO APPLY FOR IPO UNITS USING A JOINT BANK ACCOUNT SHOULD COMMUNICATE WITH THE FINANCIAL INSTITUTION IN CHARGE OF IPO APPLICATION TO PROVIDE THE MATCHING NAME IN THE JOINT BANK ACCOUNT AGAINST HIS/ HER CDS ACCOUNT TO ISSUING HOUSE. THIS IS TO ENSURE THAT ISSUING HOUSE RECEIVES IPO APPLICATION WHERE THE NAME IN THE JOINT BANK ACCOUNT MATCHES AGAINST THE NAME IN THE CDS ACCOUNT AND TO MINIMIZE THE INCIDENT OF REJECTED IPO APPLICATION DUE TO "CDS ACCOUNT BELONGS TO OTHER PERSON". COMPANY, PRINCIPAL ADVISER & ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUE ARISING THEREAFTER.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.3.2 Applications by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares with a Malaysian address; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of Malaysian Issuing House Sdn Bhd or an immediate family member of a director or employee of Malaysian Issuing House Sdn Bhd; and
- (iii) You must submit Applications by using only 1 of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with **PINK** Application Forms and letters from us detailing their respective allocation.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Malaysian Issuing House Sdn Bhd, Kenanga IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM[●] for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO [●]**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (*CONT'D*)

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) or **DELIVER BY HAND AND DEPOSIT** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5:00 p.m. on [●].

We, together with Malaysian Issuing House Sdn Bhd, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to Malaysian Issuing House Sdn Bhd.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malayan Banking Berhad and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

15.7 AUTHORITY OF OUR BOARD AND MALAYSIAN ISSUING HOUSE SDN BHD

Malaysian Issuing House Sdn Bhd on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of Malaysian Issuing House Sdn Bhd at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, Malaysian Issuing House Sdn Bhd will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public on the Malaysian Issuing House Sdn Bhd's website at www.mih.com.my within 1 Market Day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by Malaysian Issuing House Sdn Bhd as per items (i) and (ii) above (as the case may be).
- (iv) Malaysian Issuing House Sdn Bhd reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) Malaysian Issuing House Sdn Bhd shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.
- (ii) You may check your account on the 5th Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by Malaysian Issuing House Sdn Bhd, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our IPO Shares allotted to you will be credited into your CDS account;
- (ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application;
- (iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository; and
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Malaysian Issuing House Sdn Bhd at telephone no. +603-7890 4700.
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Malaysian Issuing House Sdn Bhd website at www.mih.com.my, 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as stated in the list of ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.