NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF SIK CHEONG BERHAD ("SIK CHEONG" OR THE "COMPANY") DATED 19 JULY 2024 ("ELECTRONIC PROSPECTUS")

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad's ("**Bursa Securities**") website at www.bursamalaysia.com ("**Website**").

Availability and Location of Paper / Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper / printed copy of the Prospectus directly from the Company, TA Securities Holdings Berhad or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus, subject to availability, from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association. Prospective applicants should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to Malaysian law. The Electronic Prospectus will not be distributed outside Malaysia. Bursa Securities, the Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent named in the Prospectus have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for the subscription or purchase of, or an invitation to subscribe for or purchase, the IPO Shares to any person outside Malaysia or in any jurisdiction or in any circumstance in which such an offer is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves, and to observe such restrictions.

Close of Application

Applications will be accepted from **10.00 a.m.** on **19 July 2024** and will close at **5.00 p.m.** on **30 July 2024**. Any change to the timetable will be advertised by the Company in a widely circulated Bahasa Malaysia and English newspaper within Malaysia, and an announcement of such changes would be made to the Website accordingly.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users' access to the Website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

SIK CHEONG BERHAD
(Registration No. 202301023959 (1517882K))
(Incorporated in Malaysia under the Companies Act 2016)

No. 11, Jalan 6/14,
Kampung Tasik Tambahan,
68000 Ampang, Selangor
Phone : +603-4292 1211, 017-611 2322
Email : info@sikcheong.com.my

SIK CHEONG BERHAD PROSPECTUS

P R O S P E C T U S

This Prospectus is dated 19 July 2024

SIK CHEONG BERHAD

(Registration No. 202301023959 (1517882K))
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING ("**IPO**") IN CONJUNCTION WITH THE LISTING OF SIK CHEONG BERHAD ("**SIK CHEONG**" OR "**COMPANY**") ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("**BURSA SECURITIES**") COMPRISING:

(I) PUBLIC ISSUE OF 66,000,000 NEW ORDINARY SHARES IN SIK CHEONG ("**SHARES**") ("**ISSUE SHARES**") IN THE FOLLOWING MANNER:

(A) 13,300,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;

(B) 4,000,000 ISSUE SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF SIK CHEONG AND OUR SUBSIDIARIES; AND

(C) 48,700,000 ISSUE SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND

(II) OFFER FOR SALE OF 20,000,000 EXISTING SHARES ("**OFFER SHARES**") BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN IPO PRICE OF RM0.27 PER ISSUE SHARE / OFFER SHARE, PAYABLE IN FULL UPON APPLICATION.

Principal Adviser, Sponsor, Underwriter and Placement Agent

TA SECURITIES
AN UNWAVERING COMMITMENT

TA SECURITIES HOLDINGS BERHAD
(Registration No. 197301001467 (14948-M))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE 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" COMMENCING ON PAGE 184.

BURSA SECURITIES HAS APPROVED OUR IPO AND THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL OF OUR IPO AND REGISTRATION OF THIS PROSPECTUS, SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING 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 SIK CHEONG 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.

THE ACE MARKET OF BURSA SECURITIES 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 OF BURSA SECURITIES. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET OF BURSA SECURITIES. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

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

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

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholders 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 there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

TA Securities, being our 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.

STATEMENTS OF DISCLAIMER

Approval has been obtained from Bursa Securities for the listing and quotation of our Shares on 9 May 2024. 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.

Bursa Securities is not be 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.

This Prospectus, together with the Application Forms, has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you 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.

Our 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.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the SC. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the SC. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our Shares are issued and offered in Malaysia based solely on the contents of this Prospectus. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation which is not contained in this Prospectus. Any information or representation not contained herein this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoters, Selling Shareholders, Principal Adviser, Sponsor, Underwriter and Placement Agent, any of their representative directors, or any other persons involved in our IPO.

This Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation.

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 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 laws of any countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subject only to the laws of Malaysia in connection therewith.

Further, it shall be your sole responsibility, if you are or may be subject to the laws of any countries or jurisdictions other than Malaysia, to consult your professional adviser as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. 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 application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

However, we reserve the right, in our absolute discretion, to treat any acceptances 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 herein) and the copy of this Prospectus registered with 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 herein) may be subjected to the risk 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 herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House (as defined herein), a paper or printed copy of this Prospectus.

If there is any discrepancies arising between the contents of the Electronic Prospectus and the paper or printed copy of this Prospectus for any reason whatsoever, the contents of the paper or 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 ("**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 with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material 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 or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost 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 material 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, information, files or other material.

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 liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise 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 as 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 cost, 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 or faults with web browsers or other relevant software, any fault or faults 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 Institutions, 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

The indicative timing of events leading to our Listing are as set out below:

Events	Tentative Dates
Issuance of this Prospectus / Opening of the Application	19 July 2024
Closing of the Application	30 July 2024
Balloting of the Application	2 August 2024
Allotment of our Shares / Transfer of Offer Shares to successful applicants	9 August 2024
Listing on the ACE Market	13 August 2024

If there is any change to the indicative timetable above, we will advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and will make announcement on Bursa Securities' website accordingly.

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PRESENTATION OF INFORMATION

All references to “Sik Cheong” or “our Company” in this Prospectus are to Sik Cheong Berhad, while references to “Sik Cheong Group” or “our Group” are to our Company and our Subsidiaries (as defined herein). References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context otherwise requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and key senior management personnel as disclosed in this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word “approximately” used in this Prospectus is to indicate that a number is not an exact number, but that number is rounded to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

If there are any discrepancies or inconsistencies between the English and Bahasa Malaysia versions of this Prospectus, the English version shall prevail.

Any reference to dates and times in this Prospectus are references to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendment or re-enactment to statutes, rules, regulations, enactments, or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or to which we are exposed. 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 no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Providence Strategic Partners Sdn Bhd, an independent market researcher. We have appointed Providence Strategic Partners Sdn Bhd to provide a strategic analysis of the RBD (as defined herein) palm olein oil repackaging industry in Malaysia and overview of the soybean oil market in Malaysia. In compiling their data for this analysis, Providence Strategic Partners Sdn Bhd relied on its research methodology, industry sources, sources from government bodies, published materials and its own private databases.

We believe that the information on the industry and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

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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, prospects, plans and objectives 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 current views 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 “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “forecast”, 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) our future financial position, earnings, cash flows and liquidity;

(iii) our business strategies, trends and competitive position and the effect of such competition;

(iv) our plans and objectives for future operations; and

(v) the general industry environment, including the demand and supply for our services.

Our actual results may defer materially from information contained in such forward-looking statements as a result of a number of factors including, without limitations:

(i) the economic, political and investment environment in Malaysia and globally; and

(ii) government policy, legislation or regulation.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed in the “Risk Factors” section and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this Prospectus. 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 LPD.

Should we become aware of any subsequent material change or development affecting any matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment/transfer of the IPO Shares, 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 of the SC.

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DEFINITIONS

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

COMPANIES WITHIN OUR GROUP

Sik Cheong or our Company	:	Sik Cheong Berhad (Registration No. 202301023959 (1517882-K))
Sik Cheong Group or our Group	:	Sik Cheong and our Subsidiaries, collectively
SCEO	:	Sik Cheong Edible Oil Sdn Bhd (Registration No. 199201006466 (237970-U))
SCSM	:	Sin Cheong Sales & Marketing Sdn Bhd (Registration No. 201901036225 (1345555-M))
Subsidiaries	:	SCEO and SCSM, collectively

GENERAL

ACE Market	:	ACE Market of Bursa Securities
Acquisitions	:	The Acquisition of SCEO and Acquisition of SCSM, collectively
Acquisition of SCEO	:	Acquisition by Sik Cheong of the entire equity interest of SCEO from Wong Hin Loong and Wong Hing Ngiap for a total purchase consideration of RM19,449,982.08 which was fully satisfied by the issuance of 194,889,600 new Shares to Wong Hin Loong and Wong Hing Ngiap at an issue price of RM0.0998 per Share on 20 May 2024
Acquisition of SCSM	:	Acquisition by Sik Cheong of the entire equity interest of SCSM from Wong Hin Loong, Wong Hing Ngiap, Choo Wai Yeen and Wong Cheng Jian for a total purchase consideration of RM510,007.94 which was fully satisfied by the issuance of 5,110,300 new Shares to Wong Hin Loong, Wong Hing Ngiap, Choo Wai Yeen and Wong Cheng Jian at an issue price of RM0.0998 per Share on 20 May 2024
Act	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
ADA	:	Authorised Depository Agent
AGM	:	Annual General Meeting
Application	:	The application for the Issue Shares by way of Application Form, the Electronic Share Application and/or the Internet Share Application
Application Form	:	The printed application form for the application of the Issue Shares
ATM	:	Automated teller machine
Authorised Financial Institution	:	Authorised financial institution participating in the Internet Share Application with respect to payments for our Issue Shares made available for application under the Public Issue
BNM	:	Bank Negara Malaysia

Board	:	Board of Directors of our Company
Bursa Depository or 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
CCC/ CF	:	Certificate of completion and compliance or certificate of fitness for occupation (whichever is applicable)
CDS	:	Central Depository System
CDS Account	:	Account established by Bursa Depository for a Depositor for the recording and dealing in securities by the Depositor
CMSA	:	Capital Markets and Services Act 2007, as may be amended from time to time
Constitution	:	Our Company's Constitution
COVID-19	:	Coronavirus disease 2019, an infectious disease which is a global pandemic
Depositor	:	A holder of a CDS Account
Directors	:	An executive director or a non-executive director of our Company within the meaning of Section 2 of the Act and Section 2(1) of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
EIS	:	Employment Insurance System
Electronic Prospectus	:	A copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
Electronic Share Application	:	An application for the Issue Shares through a Participating Financial Institution's ATM
Eligible Persons	:	The eligible Directors and employees of our Group, and other persons who have contributed to the success of our Group, collectively
EPF	:	Employees Provident Fund
EPS	:	Earnings per Share
Factory No. 9	:	Our Group's single-storey semi-detached factory located at No. 9, Jalan 6/14, Kampung Tasek Tambahan, 68000 Ampang, Selangor
Factory No. 11	:	Our Group's headquarters and main packaging facility at a corner lot of a 2-storey semi-detached factory with a mezzanine floor located at No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor

DEFINITIONS (CONT'D)

FYE	:	Financial year ended 31 March
FYEs Under Review	:	FYEs 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024, collectively
Government	:	Government of Malaysia
GP	:	Gross profit
IFRS	:	International Financial Reporting Standards, as issued by the International Accounting Standards Board
IMR or Providence	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A))
IMR Report	:	The independent market research report on the RBD Palm Olein Oil Repackaging Industry in Malaysia and overview of the Soybean Oil Market in Malaysia dated 1 July 2024 prepared by Providence in relation to the IPO
Internet Participating Financial Institutions	:	Participating financial institutions for the Internet Share Application, as listed in Section 16 of this Prospectus
Internet Share Application	:	An application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institutions
HSE	:	Health, safety and environment
IPO	:	Initial public offering of the IPO Shares in conjunction with the listing and quotation of our entire enlarged issued share capital on the ACE Market of Bursa Securities
IPO Price	:	RM0.27 per IPO Share
IPO Shares	:	The Issue Shares and the Offer Shares, collectively
Issue Shares	:	66,000,000 new Shares to be issued by our Company pursuant to the Public Issue
Issuing House or Share Registrar or **TIIH**	:	Tricor Investor & Issuing House Services Sdn Bhd (Registration No. 197101000970 (11324-H))
KPDN	:	Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup or Ministry of Domestic Trade and Cost of Living
kg	:	Kilogram
Lamp oil labelling line	:	Our labelling facility located at No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor
Listing	:	The admission of Sik Cheong to the Official List and the listing and quotation of the entire enlarged issued share capital of Sik Cheong on the ACE Market
Listing Requirements	:	ACE Market Listing Requirements of Bursa Securities
LPD	:	28 June 2024, being the latest practicable date prior to the issuance of this Prospectus

Malaysian Public	:	Malaysian citizens and companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia
Market Day	:	Any day(s) between Monday to Friday (both days inclusive) which is not a public holiday and on which Bursa Securities is open for trading in securities
MCCG	:	Malaysian Code on Corporate Governance 2021 issued by the SC
MCO	:	The nationwide movement control order that was imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of the COVID-19 pandemic
MFRS	:	Malaysian Financial Reporting Standards, as issued by the Malaysian Accounting Standards Board
MITI	:	Ministry of Investment, Trade and Industry of Malaysia
MPOB	:	Malaysian Palm Oil Board
N/A	:	Not applicable or not available
NA	:	Net assets
NBV	:	Net book value
Offer for Sale	:	Offer for sale by the Selling Shareholders of 20,000,000 Offer Shares at our IPO Price, by way of private placement to the Selected Investors
Offer Shares	:	20,000,000 existing Shares to be offered by the Selling Shareholders pursuant to the Offer for Sale
Official List	:	A list specifying all securities which have been admitted for listing on, and which have not been removed from the ACE Market of Bursa Securities
Participating Financial Institutions	:	Participating financial institutions for the Electronic Share Application, as listed in Section 16 of this Prospectus
Participating Securities Firm	:	Participating securities firm for the Internet Share Application, as listed in Section 16 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocation	:	The allocation of 4,000,000 Issue Shares to the Eligible Persons
Pink Form Shares	:	4,000,000 Issue Shares made available for application by the Eligible Persons
Promoters	:	Wong Hin Loong and Wong Hing Ngiap, collectively
Prospectus	:	This Prospectus dated 19 July 2024 in relation to our IPO

Public Issue	:	Public issue of 66,000,000 new Shares at the IPO Price comprising: (i) 13,300,000 Issue Shares made available for application by the Malaysian Public via balloting; (ii) 4,000,000 Issue Shares made available for application by the Eligible Persons; and (iii) 48,700,000 Issue Shares made available by way of private placement to Selected Investors
QA	:	Quality assurance
QC	:	Quality control
RM and sen	:	Ringgit Malaysia and sen, respectively
Rules of Depository	:	Rules of Bursa Depository, as may be amended from time to time
SC	:	Securities Commission Malaysia
Selected Investors	:	Being selected investors to be identified that will subscribe to our IPO Shares through private placement
Selling Shareholders	:	Wong Hin Loong and Wong Hing Ngiap, collectively
SICDA or Central Depositories Act	:	Securities Industry (Central Depositories) Act 1991, as may be amended from time to time
Sik Cheong Shares or Shares	:	Ordinary shares of our Company
SOCSO	:	Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
Specified Shareholders	:	Wong Hin Loong, Wong Hing Ngiap, Choo Wai Yeen and Wong Cheng Jian, collectively
sq. ft.	:	square feet
sq. m.	:	square metres
SST	:	Sales and service tax
TA Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M))
Thrive Properties	:	Thrive Properties Sdn Bhd (formerly known as Sik Cheong Management Sdn Bhd) (Registration No. 201001023013 (906783-X))
Underwriting Agreement	:	Underwriting agreement dated 28 June 2024 entered into between our Company and TA Securities for the purpose of our IPO

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group's business and operations. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms:

COSS	:	Cooking Oil Stabilisation Scheme
CPO	:	Crude palm oil, which is unrefined palm oil that has been extracted from oil palm fresh fruit bunches
eCOSS system	:	Cooking Oil Stabilisation Scheme System, through which our Group is required to submit records of its sales transactions to be processed and verified by KPDN
IBC	:	Intermediate bulk container, a hard plastic container with a steel frame to ease transportation
Slip melting point	:	The point at which a substance changes from a solid to a liquid
MKHMM	:	Program Mekanisme Kawalan Harga Minyak Masak or Cooking Oil Price Control Subsidy Mechanism programme
Non-subsidised RBD palm olein oil products	:	RBD palm olein oil products sold that are not under any programmes established by KPDN
RBD	:	Refined, bleached and deodorised
RBD palm oil	:	The product of crude palm oil which has been refined, bleached and deodorised
RBD palm olein oil	:	The liquid form of palm oil which has been refined, bleached and deodorised, that is derived from the fractionisation of RBD palm oil
Subsidised RBD palm olein oil products	:	RBD palm olein oil products sold under the programmes established by KPDN

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1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Address	Gender / Nationality
Abdul Razak Bin Dato' Haji Ipap	Independent Non-Executive Chairman	Legundi Residensi, No. 2, Jalan Seri Putra 2/2G, Bandar Seri Putra, 43000 Kajang, Selangor Darul Ehsan	Male / Malaysian
Wong Hing Ngiap	Managing Director	11, Jalan Dagang B/3, Taman Dagang, 68000 Ampang Selangor Darul Ehsan	Male / Malaysian
Wong Hin Loong	Executive Director	20, Jalan Dagang B/3, Taman Dagang, 68000 Ampang Selangor Darul Ehsan	Male / Malaysian
Thong Kooi Pin	Independent Non-Executive Director	6, Jalan U13/53D, Eco Ardence 40170 Shah Alam Selangor Darul Ehsan	Male / Malaysian
Keh Siew Hoon	Independent Non-Executive Director	19, Jalan Mulia 2/1, Bukit Antarabangsa, 68000 Ampang Selangor Darul Ehsan	Female / Malaysian
Kok Yi Ling	Independent Non-Executive Director	26-5 Mont Kiara Damai Condominium, 3 Jalan Kiara 2 50480 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Female / Malaysian

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Thong Kooi Pin	Chairman	Independent Non-Executive Director
Keh Siew Hoon	Member	Independent Non-Executive Director
Kok Yi Ling	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Keh Siew Hoon	Chairman	Independent Non-Executive Director
Thong Kooi Pin	Member	Independent Non-Executive Director
Kok Yi Ling	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

REMUNERATION COMMITTEE

Name	Designation	Directorship
Kok Yi Ling	Chairman	Independent Non-Executive Director
Thong Kooi Pin	Member	Independent Non-Executive Director
Keh Siew Hoon	Member	Independent Non-Executive Director

COMPANY SECRETARIES : **Joanne Toh Joo Ann**
Professional Qualification : Licensed Company Secretary
(Licence No.: LS 0008574)
(SSM Practising Certificate No.: 202008001119)

Kooi Ee Lin
Professional Qualification : Chartered Secretary, Associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
(Membership No. MAICSA 7066158)
(SSM Practising Certificate No.: 201908001822)

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-2783 9191

REGISTERED OFFICE : Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

Telephone No. : +603-2783 9191

HEAD OFFICE : No. 11, Jalan 6/14
Kampung Tasik Tambahan
68000 Ampang
Selangor Darul Ehsan

Telephone No. : +603-4292 1211
Email : info@sikcheong.com.my
Website : https://www.sikcheong.com.my

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	:	UHY (AF1411) Suite 11.05, Level 11 The Gardens South Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Telephone No. : +603-2279 3088 Partner-in-charge : Lim Yang Yue Approval No. : 03544/12/2024 J Professional Qualification : Chartered Accountant, Malaysian Institute of Accountants (MIA) and Fellow of Association of Chartered Certified Accountants (ACCA)
PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT	:	TA Securities Holdings Berhad (Registration No. 197301001467 (14948-M)) 32th Floor, Menara TA One 22, Jalan P. Ramlee 50250 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Telephone No. : +603-2072 1277
SOLICITORS FOR OUR IPO	:	Olivia Lim & Co Advocates & Solicitors 41-3, Plaza Damansara Jalan Medan Setia 1 Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Telephone No. : +603-2011 1386
INDEPENDENT MARKET RESEARCHER	:	Providence Strategic Partners Sdn Bhd (Registration No. 201701024744 (1238910-A)) 67-1, Block D, Jaya One No 72 A, Jalan Prof Diraja Ungku Aziz 46200 Petaling Jaya Selangor Darul Ehsan Telephone No. : +603-7625 1769 Person-in-charge : Melissa Lim Li Hua Qualification : Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia

1. CORPORATE DIRECTORY (CONT'D)

ISSUING HOUSE AND SHARE REGISTRAR	:	**Tricor Investor & Issuing House Services Sdn Bhd** (197101000970 (11324-H)) Unit 32-01, Level 32, Tower A Vertical Business Suite Avenue 3, Bangsar South No.8, Jalan Kerinchi 59200 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Telephone No. : +603-2783 9299
LISTING SOUGHT	:	ACE Market of Bursa Securities
SHARIAH STATUS	:	Approved by Shariah Advisory Council of SC

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2. APPROVALS AND CONDITIONS

2.1 APPROVALS AND CONDITIONS

2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 9 May 2024 ("**Approval Letter**"), approved the following:

(a) our admission to the Official List of the ACE Market; and

(b) the listing and quotation of our entire enlarged issued share capital comprising 266,000,000 Shares on the ACE Market.

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

No.	Details of conditions imposed	Status of compliance
1.	Submit the following information with respect to the moratorium on the shareholdings of the Specified Shareholders to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares.	To be complied before Listing
2.	Confirm that approvals from other relevant authorities have been obtained for implementation of the Listing.	Complied
3.	The Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon.	Complied
4.	Make the relevant announcements pursuant to Paragraphs 8.1 and 8.2 of Guidance Notes 15 of the Listing Requirements.	To be complied before Listing
5.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of Sik Cheong on the first day of Listing.	To be complied upon Listing
6.	In relation to the public offering to be undertaken by Sik Cheong, to announce at least 2 market days prior to the Listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/ allocation; (iii) A table showing the distribution for placement tranche as per the format prescribed by Bursa Securities; and (iv) Disclosure of placees who become substantial shareholders of Sik Cheong arising from the public offering, if any. TA Securities must ensure that the overall distribution of Sik Cheong's securities is properly carried out to mitigate any disorderly trading in the secondary market.	To be complied before Listing
7.	Sik Cheong/ TA Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of Sik Cheong to the Official List of the ACE Market.	To be complied upon Listing

2.1.2 SC

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

The SC had, vide its letter dated 13 May 2024, approved the resultant equity structure of our Company pursuant to our Listing under the Bumiputera equity requirement for public listed companies, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Sik Cheong to make available at least 50% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied before Listing
2.	Sik Cheong to allocate 12.5% of its enlarged number of issued Shares to Bumiputera investors to be approved or recognised by the MITI within one (1) year after achieving the profit requirement for companies seeking listing on the Main Market of Bursa Securities or five (5) years after being listed on the ACE Market of Bursa Securities, whichever is earlier ("**Compliance Date**").	To be complied
3.	Sik Cheong to submit to the SC a proposal to comply with the equity condition stated in item (2) above, at least six (6) months prior to the Compliance Date.	To be complied
4.	TA Securities or Sik Cheong to submit Sik Cheong's equity structure to the SC upon completion of the Listing.	To be complied upon Listing

The SC had noted the effects of our Listing on the equity structure of our Company as follows:

Category of shareholders	As at the LPD		After our Listing	
	No. of Shares	**% of number of issued shares**	**No. of Shares**	**% of enlarged number of issued shares**
Bumiputera				
- Bumiputera public investors via balloting	-	-	6,650,000	2.50
- Others	-	-	(1)400,000	0.15
Total Bumiputera	**-**	**-**	7,050,000	2.65
Non-Bumiputera	100	100.00	258,950,000	97.35
Malaysian	**100**	**100.00**	**266,000,000**	**100.00**
Foreigners	-	-	-	-
Total	**100**	**100.00**	**266,000,000**	**100.00**

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Note:

(1) Based on the assumption that the Shares allocated to Abdul Razak Bin Dato' Haji Ipap (Independent Non-Executive Chairman) under the Pink Form Allocation shall be fully subscribed.

2.1.3 Shariah Advisory Council of SC

The Shariah Advisory Council of SC had on 11 July 2024, classified our Shares as Shariah-compliant securities based on the latest audited combined financial statements of our Group for the FYE 2024.

2.2 MORATORIUM ON OUR SHARES

In accordance with Rule 3.19(1) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of those Shares held by our Specified Shareholders as follows:

(i) the moratorium applies to the entire shareholdings of our Specified Shareholders 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 Company must ensure that our Specified Shareholders' aggregate shareholdings amounting to at least 45.00% of the total number of issued ordinary shares (adjusted for any bonus issue or subdivision of Shares) of our Company remain under moratorium for another period of 6 months ("**Second 6-Month Moratorium**"); and

(iii) upon the expiry of the Second 6-Month Moratorium, our Specified Shareholders may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of their Shares held under moratorium.

In accordance with the Listing Requirements, a specified shareholder means a controlling shareholder, a person connected with a controlling shareholder, and an executive director who is a substantial shareholder, of our Company, or any other person as specified by Bursa Securities.

The details of our Specified Shareholders and their Shares which will be subject to moratorium, are as follows:

Specified Shareholders	Moratorium shares during the First 6-Month Moratorium		Moratorium shares during the Second 6-Month Moratorium	
	No. of Shares(1)	%(2)	No. of Shares(1)	%(2)
Wong Hing Ngiap	87,960,000	33.07	59,850,000	22.50
Wong Hin Loong	87,960,000	33.07	59,850,000	22.50
Choo Wai Yeen(3)	2,040,000	0.77	-	-
Wong Cheng Jian(4)	2,040,000	0.77	-	-
Total	**180,000,000**	**67.67**	**119,700,000**	**45.00**

Specified Shareholders	Moratorium shares during year 2 after our IPO		Moratorium shares during year 3 after our IPO	
	No. of Shares(1)	%(2)	No. of Shares(1)	%(2)
Wong Hing Ngiap	39,900,000	15.00	19,950,000	7.50
Wong Hin Loong	39,900,000	15.00	19,950,000	7.50
Choo Wai Yeen(3)	-	-	-	-
Wong Cheng Jian(4)	-	-	-	-
Total	**79,800,000**	**30.00**	**39,900,000**	**15.00**

2. APPROVALS AND CONDITIONS (CONT'D)

Notes:

(1) After the Offer for Sale.

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

(3) Choo Wai Yeen is the spouse of Wong Hing Ngiap, our Managing Director, therefore she is a person connected to him and a specified shareholder.

(4) Wong Cheng Jian is the son of Wong Hin Loong, our Executive Director, therefore he is a person connected to him and a specified shareholder.

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.

The moratorium restrictions are specifically endorsed on the share certificates representing those Shares under moratorium held by our Specified Shareholders to ensure that our Share Registrar does not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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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 RELATING TO OUR IPO

Our IPO entails an offering of 66,000,000 Issue Shares and 20,000,000 Offer Shares at an IPO Price of RM0.27 per Issue Share/Offer Share. Our Shares will be allocated in the following manner:

Allocation	Number of IPO Shares	(1)%
Public Issue		
Malaysian Public via balloting	(2)13,300,000	5.00
Eligible Persons	4,000,000	1.50
Private placement to Selected Investors	48,700,000	18.31
Offer for Sale		
Private placement to Selected Investors	20,000,000	7.52
Enlarged number of Shares upon Listing		266,000,000
IPO Price per Share		RM0.27
Market capitalisation (calculated based on the IPO Price and enlarged number of Shares upon Listing)		RM71,820,000

Notes:

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

(2) 6,650,000 Shares will be set aside strictly for Bumiputera public investors via public balloting.

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

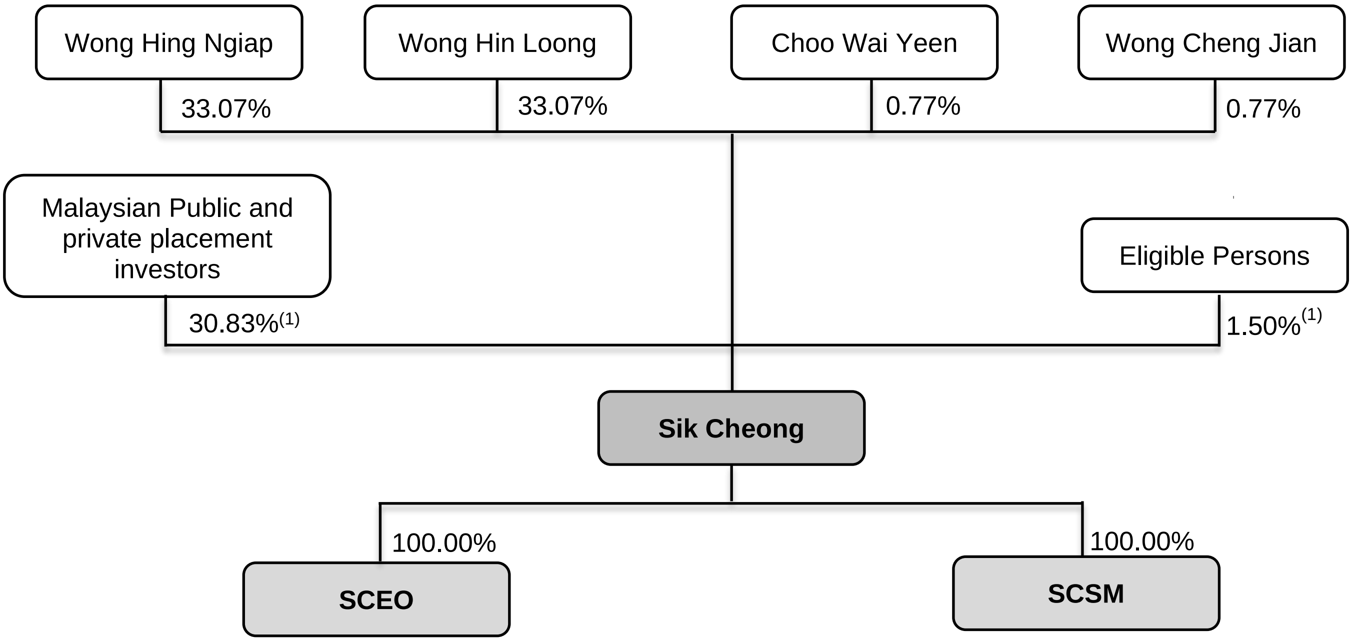
In compliance with the Listing Requirements, our Specified Shareholders' entire shareholdings after IPO will be held under moratorium for 6 months from the date of our admission to the ACE Market (in compliance with Rule 3.19(1) of the Listing Requirements). Thereafter, our Specified Shareholder's shareholdings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

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

3.2 GROUP STRUCTURE AND BUSINESS MODEL

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

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



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

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

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

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

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

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

3.3 COMPETITIVE STRENGTHS

Some of our competitive strengths are as follows:

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

Our Group has more than 500 customers in each of the FYEs Under Review, mainly retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers. In the FYE 2024, approximately 90.00% of these customers were recurring customers, while the remaining 10.00% were new customers.

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

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

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

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

3.3.3 We have an experienced and committed key management team

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

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

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

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

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

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

3.4 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:

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

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

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

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

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

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

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

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

3.5 RISK FACTORS

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

Some of the more important risk factors are summarised below:

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

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

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

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

3.5.3 Our business operations and financial performance may be adversely affected should there be a failure in renewing our licences

Our RBD palm olein oil repackaging, marketing and distribution business is subject to the Control of Supplies Regulations 1961 and Malaysian Palm Oil Board (Licensing) Regulations 2005. As at the LPD, we have obtained the necessary licences to carry out our business operations, which details are set out in Section 7.18 of this Prospectus. However, our business operations could be disrupted should we fail to renew these permits and licences in a timely manner. If there are changes in the aforementioned regulations which result in stricter compliance requirements, our business operations may need to incur additional operating costs to put in place the necessary processes to comply with the new standards/ requirements. In the event such additional costs cannot be passed on to our customers, we will have to absorb the additional costs incurred, which in turn, would adversely impact the profitability of our business.

3.5.4 Our financial performance may be impacted should we lose our registration status under COSS or should our allocated quota under COSS be reduced while the COSS is still on-going

As at the LPD, our Group has obtained a quota to supply up to 700 MT of subsidised RBD palm olein cooking oil per month under COSS. Although there is no expiry period stated for the COSS and we are able to sell the RBD palm olein cooking oil products under COSS for as long as the COSS is implemented, there is no assurance that KPDN, who is the authority responsible for approving our registration status and allocated quota, would not cancel or revoke this registration status or reduce our allocated quota under COSS. The quota granted to our Group may be cancelled, revoked or reduced by KPDN at any time without any reason. Although our Group has not had our registration status under COSS revoked since we were registered under COSS in 2007 or had our current allocated quota under COSS reduced since 2016, there is no assurance that this may not occur in the future.

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

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

3.5.6 We are dependent on our key management for the continuing success of our Group

The continuing success of our business is dependent on the leadership abilities and the experiences of our key management personnel, namely Wong Hing Ngiap (Managing Director), Wong Hin Loong (Executive Director), Choo Wai Yeen (Chief Operating Officer), Dee Bee Lian (Chief Financial Officer) as well as Woi Chee Keong (Factory Manager). The loss of services from any of our key management personnel without any suitable or prompt replacement may cause an adverse effect on our business operations and financial performance.

3.5.7 We are presently dependent on a single product, RBD palm olein oil

We are primarily involved in the repackaging, marketing and distribution of RBD palm olein oil. If we are unable to expand our product range to include high oleic soybean oil (as stated in Section 7.22(i) of this Prospectus) to reduce reliance on RBD palm olein oil products, we will continue to be dependent on RBD palm olein oil products as a single product for our Group. Therefore, our financial performance is dependent upon the continued demand for RBD palm olein oil, and any challenges and/or decline faced in the RBD palm olein oil industry may adversely impact our Group's business operations and financial performance. If other types of cooking oil are priced lower and the demand for RBD palm olein cooking oil is reduced because of the changes in consumer preferences, or increased popularity of other types of edible oil as substitutes, this may adversely affect our financial performance.

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

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

3.5.9 We may not be able to sustain our current levels of profitability in the future

Notwithstanding that our revenue and PAT were at an upward trend from FYEs 2021 to 2024, there is no assurance that we will be able to sustain our current levels of revenue and profitability in the future as our financial performance is dependent on several factors, among others, availability of supplies of RBD palm olein oil, CPO price fluctuation, the increase in operating costs, the ability to retain our existing customers and to secure new customers as well as the execution of our business strategies and future plans. If our Group is unable to mitigate the aforementioned risks, they will have impacts on our Group's financial performance and thus, our levels of revenue and profitability would be adversely affected.

3.5.10 We are exposed to volatility in prices and availability of materials and supplies

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

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

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

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

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

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3.6 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

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

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

3.7 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

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

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

Notes:

(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.

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

(3) Deemed interested by virtue of his spouse's interest pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of his son's interest pursuant to Section 8 of the Act.

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

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3.8 UTILISATION OF PROCEEDS

The gross proceeds of RM17.82 million raised by our Company from our Public Issue are intended to be used in the following manner:

Details of utilisation of proceeds	Gross proceeds (RM'000)	%	Estimated timeframe for utilisation from our Listing
Expansion of our packaging facility	7,180	40.29	Within 18 months
Purchase of new delivery trucks	890	5.00	Within 12 months
Working capital	5,950	33.39	Within 12 months
Estimated listing expenses	3,800	21.32	Within 3 months
Total	**17,820**	**100.00**	

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

3.9 FINANCIAL AND OPERATIONAL HIGHLIGHTS

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

Financial

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FYE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	42,574	59,742	78,236	79,583
GP	5,432	7,991	11,985	12,731
PBT	2,417	4,261	8,005	7,938
PAT	1,852	3,262	6,029	6,329
GP margin (%)(1)	12.76	13.38	15.32	16.00
PBT margin (%)(2)	5.68	7.13	10.23	9.97
PAT margin (%)(3)	4.35	5.46	7.71	7.95
Basic EPS (sen)(4)	0.70	1.23	2.27	2.38
Diluted EPS (sen)(4)(5)	0.70	1.23	2.27	2.38

Notes:

(1) GP margin is computed based on our GP over revenue.

(2) PBT margin is computed based on our PBT over revenue.

(3) PAT margin is computed based on our PAT over revenue.

(4) Basic and diluted EPS is calculated based on PAT attributable to owners of our Company divided by 266,000,000 enlarged total number of Shares after our IPO.

(5) Our Company does not have any outstanding convertible securities at the end of the financial years.

Revenue by business activities

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

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Subsidised RBD palm olein oil products								
Sawit Emas								
- COSS	18,853	44.29	20,205	33.82	20,218	25.84	20,307	25.52
- MKHMM	-	-	8,869	14.85	5,109	6.53	1,074	1.35
Vitamas								
- MKHMM	-	-	803	1.34	374	0.48	23	0.03
	18,853	**44.29**	**29,877**	**50.01**	**25,701**	**32.85**	**21,404**	**26.90**
Non-subsidised RBD palm olein oil products								
Sawit Emas	18,627	43.75	23,807	39.85	44,183	56.48	49,001	61.57
Vitamas	1,406	3.30	1,143	1.91	2,902	3.71	3,737	4.70
Pingat Emas	2,738	6.43	3,899	6.53	3,802	4.86	3,367	4.23
Unbranded (IBC)	549	1.29	659	1.10	1,270	1.62	1,738	2.18
	23,320	**54.77**	**29,508**	**49.39**	**52,157**	**66.67**	**57,843**	**72.68**
Repackaging, marketing and distribution of RBD palm olein oil products	**42,173**	**99.06**	**59,385**	**99.40**	**77,858**	**99.52**	**79,247**	**99.58**
Trading of third-party products	**401**	**0.94**	**357**	**0.60**	**378**	**0.48**	**336**	**0.42**
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

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

3.10 DIVIDEND POLICY

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

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

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

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FYE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividends declared and paid	3,000(1)	20(2)	6,020(3)	-

Notes:

(1) RM3.00 million was declared by SCEO on 4 September 2020 and paid on 7 September 2020.

(2) RM20,000 was declared by SCSM on 20 April 2021 and paid on 28 April 2021.

(3) RM6.02 million was declared in 3 tranches:

(i) RM20,000 was declared by SCSM on 20 April 2022 and paid on 26 April 2022;
(ii) RM3.0 million was declared by SCEO on 27 October 2022 and paid on 15 November 2022; and
(iii) RM3.0 million was declared by SCEO on 9 March 2023 and paid on 17 July 2023.

Subsequent to the FYE 2024 and up to the LPD, no dividend has been declared, made or paid by our Group to our shareholders. Our Company does not intend to declare any dividend prior to our Listing.

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

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4. DETAILS OF OUR IPO

4.1 OPENING AND CLOSING OF APPLICATION PERIOD

The Application period will open at 10.00 a.m. on 19 July 2024 and will remain open until 5.00 p.m. on 30 July 2024. **LATE APPLICATION WILL NOT BE ACCEPTED.**

4.2 INDICATIVE TIMETABLE

Events	Tentative Dates
Issuance of this Prospectus / Opening of the Application	19 July 2024
Closing of the Application	30 July 2024
Balloting of the Application	2 August 2024
Allotment of our Shares / Transfer of Offer Shares to successful applicants	9 August 2024
Listing on the ACE Market	13 August 2024

If there is any change to the indicative timetable above, we will advertise a notice of change in a widely circulated English and Bahasa Malaysia daily newspapers in Malaysia and will make announcement of such changes on Bursa Securities' website accordingly.

4.3 DETAILS OF OUR IPO

Our IPO is subject to the terms and conditions of this Prospectus and upon acceptance, our IPO Shares are expected to be allocated in the manner described below, subject to the clawback and reallocation provisions set out in Section 4.3.4 of this Prospectus:

	Number of IPO Shares	Percentage of our enlarged issued share capital (%)
Public Issue		
(i) Malaysian Public via balloting	13,300,000	5.00
(ii) Eligible Persons	4,000,000	1.50
(iii) Private placement to Selected Investors	48,700,000	18.31
	66,000,000	**24.81**
Offer for Sale		
(i) Private placement to Selected Investors	20,000,000	7.52
	20,000,000	**7.52**
Total	**86,000,000**	**32.33**

Our Public Issue is expected to raise gross proceeds of RM17.82 million and will accrue entirely to our Company. The Public Issue will increase our issued Shares from 200,000,000 Shares to 266,000,000 Shares.

The basis of allocation of our IPO Shares shall take into account our Board's intention to distribute our IPO Shares to a reasonable number of applicants to broaden the shareholding base of our Company to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board.

To the best of our knowledge and belief, there is no person who intends to subscribe for more than 5% of our IPO Shares.

4.3.1 Public Issue

A total of 66,000,000 Issue Shares, representing approximately 24.81% of our enlarged issued share capital, will be offered at the IPO Price. Our Issue Shares will be allocated in the following manner:

(i) Malaysian Public via balloting

13,300,000 Issue Shares, representing 5.00% of our enlarged issued share capital, will be made available for application by the Malaysian Public through a balloting process as follows:

(a) 6,650,000 Issue Shares, representing 2.50% of our enlarged issued share capital, made available to the Bumiputera Malaysian Public; and

(b) 6,650,000 Issue Shares, representing 2.50% of our enlarged issued share capital, made available to the Malaysian Public.

(ii) Eligible Persons

4,000,000 Issue Shares, representing approximately 1.50% of our enlarged issued share capital, will be made available for application under the Pink Form Allocation by our Eligible Persons in recognition of their efforts and supports to our Group, in the following manner:

Eligible Persons	Number of Eligible Persons	Aggregate number of Pink Form Shares allocated
Eligible Directors(1)	4	1,600,000
Eligible employees of our Group(2)	40	1,600,000
Persons who have contributed to our success(3)	10	800,000
Total	**54**	**4,000,000**

The above allocation is subject to the Eligible Persons subscribing to their respective allocations. The entitlements which are not accepted by any Eligible Persons will be re-allocated to the other Eligible Persons at the discretion of our Board.

Notes:

(1) The criteria for allocation to our eligible Directors are based, among others, on their respective roles and responsibilities as well as their contribution to our Group.

4. DETAILS OF OUR IPO (CONT'D)

The number of Pink Form Shares to be allocated to our eligible Directors are as follows:

Name / Designation	Number of Pink Form Shares
Abdul Razak Bin Dato' Haji Ipap / Independent Non-Executive Chairman	400,000
Thong Kooi Pin / Independent Non-Executive Director	400,000
Keh Siew Hoon / Independent Non-Executive Director	400,000
Kok Yi Ling / Independent Non-Executive Director	400,000
Total	**1,600,000**

No Pink Form Share has been allocated to Wong Hing Ngiap (Managing Director and Wong Hin Loong (Executive Director) as it is not the intention of our Promoters to increase their collective shareholdings in our Company pursuant to our IPO and they are undertaking the Offer for Sale pursuant to our Listing. Upon our Listing, our Promoters will collectively hold 66.14% shareholdings in our Company.

(2) The criteria for allocation to our eligible employees (as approved by our Board) are based on the following factors:

(i) The eligible employee must be a full-time and confirmed employee and on the payroll of our Group;

(ii) The number of Pink Form Shares allocated to our eligible employees are based on their seniority, position, length of service and/or their respective contribution to our Group as well as other factors deemed relevant by our Board; and

(iii) The eligible employee must be at least 18 years of age.

Our key senior management are collectively allocated a total of 800,000 Pink Form Shares as follows:

Name / Designation	Number of Pink Form Shares
Dee Bee Lian / Chief Financial Officer	400,000
Woi Chee Keong / Factory Manager	400,000
Total	**800,000**

No Pink Form Share has been allocated to Choo Wai Yeen (Chief Operating Officer) as she is already our shareholder and will hold 0.77% shareholding in our Company upon our Listing.

(3) The criteria for allocation to the persons who have contributed to our success (as approved by our Board) are based on, amongst others, their contribution and support to the growth of our Group, as well as the length of their relationship with us. The persons who have contributed to the success of our Group include our customers and suppliers.

Eligible Persons who subscribe for Pink Form Shares under this Section 4.3.1(ii) may also apply for the Issue Shares made available for the Malaysian Public via balloting under Section 4.3.1(i) above.

As at the LPD, save for the allocation made available for application as disclosed in Section 4.3.1(ii) of this Prospectus, to the extent known to our Company:

(i) there are no substantial shareholders, Directors or members of the key senior management who have indicated to our Company that they intend to acquire/subscribe for the IPO Shares; and

(ii) there are no persons who have indicated to our Company that they intend to acquire/subscribe for more than 5.00% of the IPO Shares.

(iii) Private placement to Selected Investors

48,700,000 Issue Shares, representing approximately 18.31% of our enlarged issued share capital, will be made available by way of private placement to Selected Investors.

The basis of allocation of our Issue Shares shall take into account the distribution of the Issue Shares to a reasonable number of applicants to broaden our Company's shareholding base to meet the public spread requirements and to establish a liquid market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors. There is no over-allotment or 'greenshoe' option that will increase the number of our Issue Shares.

Our Public Issue is subject to the terms and conditions of this Prospectus.

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4.3.2 Offer for Sale

Our Selling Shareholders will undertake an offer for sale of 20,000,000 Offer Shares, representing approximately 7.52% of our enlarged issued share capital at the IPO Price by way of private placement to Selected Investors.

The Offer Shares to be offered by our Selling Shareholders and their shareholdings in our Company before and after our IPO is as follows:

Name	Nature of relationship with our Group	Shareholdings before IPO and as at the LPD		Offer for Sale			Shareholdings after IPO	
		No. of Shares	%(1)	No. of Shares	%(1)	%(2)	No. of Shares	%(2)
Wong Hing Ngiap 11, Jalan Dagang B/3, Taman Dagang, 68000 Ampang, Selangor Darul Ehsan	Promoter, substantial shareholder and Managing Director	97,960,000	48.98	10,000,000	5.00	3.76	87,960,000	33.07
Wong Hin Loong 20, Jalan Dagang B/3, Taman Dagang, 68000 Ampang, Selangor Darul Ehsan	Promoter, substantial shareholder and Executive Director	97,960,000	48.98	10,000,000	5.00	3.76	87,960,000	33.07

Notes:

(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions and as at the LPD.

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

The Offer for Sale is expected to raise gross proceeds of RM5.40 million which will accrue entirely to the Selling Shareholders and we will not receive any of the proceeds. The Selling Shareholders shall bear all expenses such as stamp duty, placement fees, registration and share transfer fee relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.15 million.

The Offer for Sale is subject to the terms and conditions of this Prospectus.

Further details of our Selling Shareholders, who are also our Promoters, substantial shareholders, Directors and/or key senior management, are set out in Sections 5.1.3 and 5.4.2 of this Prospectus.

4.3.3 Underwriting arrangement

The 13,300,000 Issue Shares made available for application by the Malaysian Public via balloting and 4,000,000 Issue Shares made available for application by Eligible Persons via Pink Form Allocation have been fully underwritten.

The 48,700,000 Issue Shares and 20,000,000 Offer Shares made available for private placement to Selected Investors are not underwritten and will be placed out by our Placement Agent.

4.3.4 Clawback and reallocation

Our Shares shall be subjected to the following clawback and reallocation provisions:

(i) Issue Shares for the Malaysian Public via balloting

If any Issue Shares allocated to the Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus are not fully subscribed, the balance portion will be allocated in the following order:

(a) Firstly, to our Eligible Persons as described in Section 4.3.1(ii) of this Prospectus;

(b) Secondly, any remaining portion will be made available by way of private placement to Selected Investors under Section 4.3.1(iii) of this Prospectus; and

(c) Finally, any remaining Issue Shares thereafter will be subscribed by our Underwriter, subject to the terms and conditions of the Underwriting Agreement.

(ii) Pink Form Shares for our Eligible Persons

If any Issue Shares allocated to our Eligible Persons under Section 4.3.1(ii) of this Prospectus are not fully subscribed, the balance portion will be allocated in the following order:

(a) Firstly, to other Eligible Persons;

(b) Secondly, any remaining portion will be made available for application by the Malaysian Public via balloting and/or by way of private placement to Selected Investors under Sections 4.3.1(i) and 4.3.1(iii) of this Prospectus respectively; and

(c) Finally, any remaining Issue Shares thereafter will be subscribed by our Underwriter, subject to the terms and conditions of the Underwriting Agreement.

(iii) Issue Shares and Offer Shares by way of private placement to Selected Investors

If any Issue Shares and/or Offer Shares allocated to Selected Investors under Sections 4.3.1(iii) and 4.3.2(i) of this Prospectus are not fully subscribed, the balance portion will be made available for application by the Malaysian Public via balloting under Section 4.3.1(i) of this Prospectus.

The clawback and reallocation provision will not apply if there is an over-subscription of the Issue Shares (be it under balloting / Pink Form Allocation or private placement to Selected Investors) at the closing date of our IPO.

4.3.5 Price stabilisation mechanism

We will not be employing any price stabilisation mechanism (which is in accordance with the Capital Markets and Services (Price Stabilisation Mechanism) Regulations 2008)) for our IPO.

4.3.6 Minimum level of subscription

There is no minimum level of subscription to be raised from our IPO in terms of the proceeds. However, the minimum subscription in terms of the number of IPO Shares will be the number of IPO Shares required to be held by public shareholders for our Company to comply with the public shareholding requirements as per the Listing Requirements or as approved by Bursa Securities.

Pursuant to the Listing Requirements, at least 25.00% of our enlarged issued share capital must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the time of our Listing. We expect to meet the public shareholding requirements through a combination of the balloting process and the private placement exercise.

If we do not meet the public shareholding requirements, we may not be allowed to proceed with our Listing. In such an event, all monies paid in respect of all applications for our IPO Shares will be returned in full without interest. If any such monies are not repaid within 14 days after we become liable to repay it, the provision of Section 243(2) of the CMSA shall apply accordingly.

4.4 SHARE CAPITAL AND MARKET CAPITALISATION UPON LISTING

Upon completion of our IPO, our issued share capital will be as follows:

Details	No. of Shares	RM
Issued share capital		
As at the date of this Prospectus	200,000,000	19,960,090
Shares to be issued under our Public Issue	66,000,000	[(1)]17,820,000
Enlarged issued share capital upon our Listing	**266,000,000**	**37,780,090**

Note:

(1) Calculated based on our IPO Price and before deducting the estimated listing expenses of approximately RM3.80 million which are directly attributable to the Public Issue.

Our Offer for Sale will not have any effect on our issued share capital.

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

Our Offer Shares rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared, the entitlement date of which is subsequent to the transfer date of our Offer Shares, subject to any applicable Rules of Bursa Depository.

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions.

In relation to any surplus in the event of our liquidation, such surplus is to be distributed amongst our shareholders in proportion to our issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At the general meeting of our Company, each of our shareholders shall be entitled to vote (i) in person; (ii) by proxy; (iii) by an attorney; or (iv) by duly authorised representatives. A proxy may but need not be a shareholder of the 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 1 vote. On a poll, each shareholder present either in person, by proxy, by attorney or by other duly authorised representative shall have 1 vote for each Share held.

Based on our IPO Price and enlarged issued share capital of 266,000,000 Shares upon Listing, our total market capitalisation will be RM71.82 million.

4.5 OBJECTIVES OF OUR IPO

The objectives of our IPO are as follows:

(a) to enhance our corporate profile and stature to enable our Group to gain recognition through our listing status and further enhance our corporate profile, reputation and market credibility which is aimed at expanding our customer base;

(b) to enable our Group to raise funds for the purposes specified in Section 4.8 of this Prospectus;

(c) to provide an opportunity for the Malaysian Public, including our eligible Directors, employees, customers and suppliers to participate in our equity and continuing growth; and

(d) to enable us to tap into the equity capital market for future fund raising and to provide us the financial flexibility to pursue future growth opportunities as and when these opportunities arise, through other forms of capital raising avenue, such as rights issue and private placement.

4.6 BASIS OF ARRIVING AT THE IPO PRICE

Our IPO Price was determined and agreed upon by our Directors and Promoters, together with TA Securities, being our Principal Adviser, Sponsor, Underwriter and Placement Agent after taking into account, amongst others, the following factors:

(i) Our Group's business overview and history and financial performance as described in Sections 7.1 and 12.1 of this Prospectus, respectively;

(ii) Our pro forma combined NA per Share of approximately RM0.15, computed based on our Group's pro forma combined NA of approximately RM40.31 million as at 31 March 2024 after taking into consideration our Public Issue and utilisation of proceeds and our enlarged issued share capital of 266,000,000 Shares upon Listing;

(iii) Our EPS of approximately RM0.02, computed based on our Group's audited combined PAT of approximately RM6.33 million for the FYE 2024 and our enlarged issued share capital of 266,000,000 Shares upon Listing, translating to a PE multiple of 11.35 times based on our IPO Price of RM0.27 per Share;

(iv) Our competitive strengths as set out in Section 7.5 of this Prospectus; and

(v) Our business strategies and future plans as set out in Section 7.22 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You should form your own views on the valuation of the IPO Shares before deciding to invest in our Shares. You are reminded to consider the Risk Factors set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4.7 DILUTION

Dilution is the amount by which our IPO Price exceeds our pro forma combined NA per Share immediately after our IPO. The following table illustrates such dilution on a per Share basis:

	RM
IPO Price	0.27
Pro forma combined NA per Share as at 31 March 2024 after the Acquisitions and before Public Issue	0.13
Pro forma combined NA per Share after Public Issue and utilisation of proceeds	0.15
Increase in pro forma combined NA per Share attributable to existing shareholders	0.02
Dilution in pro forma combined NA per Share to new investors	0.12
Dilution in pro forma combined NA per Share as a percentage of our IPO Price	44.44%

Further details of our pro forma combined NA per Share as at 31 March 2024 is set out in Section 14 of this Prospectus.

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoters, substantial shareholders, Directors and/or 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 date of this Prospectus:

	No. of Shares held before our IPO	**Total consideration (RM)**	**Effective cash cost per Share (RM)**
Substantial shareholders and Directors			
Wong Hing Ngiap	(1)97,960,000	(5)9,775,991.83	0.0998
Wong Hin Loong	(1)97,960,000	(5)9,775,991.83	0.0998
Persons connected with substantial shareholders and Directors			
Choo Wai Yeen(3)	(2)(6)2,040,000	(5)204,003.18	0.0998
Wong Cheng Jian(4)	(2)(6)2,040,000	(5)204,003.18	0.0998

Notes:

(1) Being Shares issued pursuant to the Acquisitions and 100 subscriber shares issued upon the incorporation of our Company.

(2) Being Shares issued pursuant to the Acquisitions.

(3) Spouse of our Managing Director, Wong Hing Ngiap.

(4) Son of our Executive Director, Wong Hin Loong.

(5) Calculated based on the total purchase consideration for the Acquisitions to him/her.

(6) Shares held after 4,120 Shares were transferred by Choo Wai Yeen and Wong Cheng Jian to Wong Hing Ngiap and Wong Hin Loong, respectively.

As at the date of this Prospectus, save for the Pink Form Allocation, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation is based on our IPO Price.

4.8 UTILISATION OF PROCEEDS FROM OUR IPO

Based on our IPO Price, we will raise gross proceeds of RM17.82 million from our Public Issue. The gross proceeds raised are intended to be used in the following manner:

Details of utilisation of proceeds	Gross proceeds (RM'000)	%	Estimated timeframe for utilisation from our Listing
Expansion of our packaging facility	7,180	40.29	Within 18 months
Purchase of new delivery trucks	890	5.00	Within 12 months
Working capital	5,950	33.39	Within 12 months
Estimated listing expenses	3,800	21.32	Within 3 months
Total	**17,820**	**100.00**	

Pending the eventual utilisation of our Public Issue proceeds, we will place them in interest-bearing short-term deposits or money market instruments with licensed financial institutions. Pursuant to Rule 8.24 of the Listing Requirements, our Company will seek shareholders' approval for any material change (i.e. 25% or more) to the utilisation of proceeds raised from our IPO.

We will not receive any proceeds from the Offer for Sale. Based on our IPO Price, the gross proceeds from the Offer for Sale of approximately RM5.40 million will accrue entirely to our Selling Shareholders. Our Selling Shareholders shall bear the entire incidental expenses and fees such as stamp duty, placement fees and miscellaneous fees in relation to the Offer for Sale of approximately RM0.15 million.

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4.8.1 Expansion of our packaging facility

As at the LPD, our Group operates from our existing packaging facility at Factory No. 11 (for repackaged RBD palm olein edible oil), with a total built-up area of approximately 20,484 sq. ft. Factory No. 11 was previously rented from our Promoters. However, on 22 September 2023, SCEO had entered into a sale and purchase agreement with our Promoters for the acquisition of Factory No. 11 for a cash consideration of RM10.50 million, which was funded via SCEO's internally generated funds. The Factory No. 11 has been successfully transferred to and registered in the name of SCEO on 1 December 2023. The balance purchase price of RM9.45 million was fully settled on 16 May 2024 and the sale and purchase agreement of Factory No. 11 was completed on 16 May 2024.

At the same time, SCEO owns Factory No. 9, which was rented to a non-related party (engaged in repair, maintenance and installation of industrial machinery, equipment and spare parts) up until 31 December 2022. Factory No. 9 is situated adjacent to Factory No. 11 and the land size where Factory No. 9 is situated in measures approximately 11,250 sq. ft.

Our Group decided not to continue renting to the aforesaid party as our Group plans to use Factory No. 9 to accommodate future expansion of our repackaged RBD palm olein oil business and our intended new venture into the repackaging of high oleic soybean oil, which will require additional space.

Currently, Factory No. 9 comprises a single-storey factory building with a built-up area of approximately 5,801 sq. ft.

The following diagram sets out the location of Factory No. 9 and Factory No. 11:

4. DETAILS OF OUR IPO (CONT'D)

Factory No. 9 will be rebuilt into a 3-storey factory building, with a total built-up area of approximately 18,041 sq. ft. With the rebuilding of Factory No. 9 coupled with our Group's existing packaging facility at Factory No. 11, our Group will have a total built-up area of approximately 38,525 sq. ft. for our operations.

The breakdown of the built-up area of the new Factory No. 9 is as follows:

	Built-up area (sq. ft.)
- Ground floor (intended for packaging and storage area)	5,801
- First floor (intended for packaging and storage area)	6,120
- Second floor (intended for oil storage tank)	6,120
Total	**18,041**

The rebuilding of Factory No. 9 is expected to cost a total of RM5.65 million, breakdown as follows:

Descriptions	Estimated cost (RM'000)
Preliminaries, site clearance and demolition works	315
External and infrastructural works	3,360
Mechanical and electrical works	715
Factory fittings	490
Theft prevention and fire prevention systems	575
Other costs and contingencies	195
Total	**5,650**

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

Timeline	Milestones
23 January 2023	Engaged a consultant to design the new Factory No. 9
14 March 2023	Submitted initial building plans for the new Factory No. 9 to relevant authorities
15 June 2023	Received approval on initial building plans from the authorities
27 October 2023	Submitted revised building plans for the new Factory No. 9 to relevant authorities
27 February 2024	Received approval on the revised building plans from the authorities

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4. DETAILS OF OUR IPO (CONT'D)

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

Timeline	Milestones
Third quarter of 2024	- Engage a main contractor to construct the new Factory No. 9 - Commence construction works for the new Factory No. 9
Fourth quarter of 2025	Complete construction works of the new Factory No. 9
First quarter of 2026	- Obtaining certificate of completion and compliance - Commence setting up of the new machinery and equipment - Complete installation and testing of the new machinery and equipment
Second quarter of 2026	- Commence operations at the new Factory No. 9 - Conduct ISO 22000: 2018 Food Safety Management System and HACCP (MS 1480: 2019) Food Safety certifications process for the new Factory No. 9
Third quarter of 2026	Receive ISO 22000: 2018 Food Safety Management System and HACCP (MS 1480: 2019) Food Safety certifications for the new Factory No. 9

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4. DETAILS OF OUR IPO (CONT'D)

In conjunction with the rebuilding of Factory No. 9, we intend to purchase new machinery and equipment for the repackaging of high oleic soybean oil to be installed / used in Factory No. 9, details as follows:

Types of machinery and equipment	Function	Estimated unit cost (RM'000)	Intended no. of units to be purchased	Total estimated cost (RM'000)
Machinery				
Packaging machine and ancillary fittings (including conveyor belt)	Repackaging of high oleic soybean oil	240	2	480
Labelling machine	Labelling of repackaged high oleic soybean oil	60	1	60
Printing machine	Printing of batch number and expiry date	25	2	50
Receiving turn table	Ancillary equipment to packaging and labelling machine	10	1	10
Delivery vehicle / equipment within our facilities				
Forklifts	Transporting items within our facilities	110	4	440
Pallet truck	Transporting pallets within our facilities	30	2	60
Others				
Storage tank	Storage of RBD palm olein oil and high oleic soybean oil	140	3	420
Floor scrubber	Cleaning of factory space	10	1	10
Total				**1,530**

Based on the intended setup of the machinery for the repackaging of high oleic soybean oil, we expect to achieve a capacity of 9,470 MT per annum.

We do not expect an increase in the capacity for repackaged RBD palm olein oil as there are no new packaging and/or labelling machines to be purchased. After the rebuilding of Factory No. 9, we intend to move some of our existing machines for the repackaging of RBD palm olein oil from Factory No. 11 to Factory No. 9. This is in response to the space constraint that we currently experience in Factory No. 11.

The estimated costs for the expansion of our packaging facility and the purchase of new machinery and equipment were derived based on the quotations provided by the respective contractors / suppliers. Nonetheless, we have not procured or entered into any binding arrangements for the purchase of new machinery and equipment. Therefore, the estimated costs for the purchase of new machinery and equipment may change if the quotations obtained are being revised.

If the total actual costs for the aforementioned initiative exceed RM7.18 million, the deficit will be funded from our internally generated funds and/or bank borrowings. Any surplus from the Public Issue proceeds earmarked for this purpose will be used for our Group's working capital purposes.

Up to the LPD, our Group has incurred the preliminary expenses of approximately RM0.10 million for the payment of professional fees to the consultant and architect, payment to the authorities as well as other related expenses in relation to the rebuilding of Factory No. 9. We shall utilise the IPO proceeds to be raised to replenish the internal cash balances used for the aforementioned initiative.

The rebuilding of Factory No. 9 together with the installation and testing of the new machinery and equipment are expected to complete in the first quarter of 2026 and the commencement of operations at the Factory No. 9 is expected to be in the second quarter of 2026.

4.8.2 Purchase of new delivery trucks

As at the LPD, our Group has a fleet of 17 trucks to deliver repackaged RBD palm olein oil to our customers. Out of these, 3 trucks have been in use for more than 8 years.

While we are able to continue using these trucks for delivery of repackaged RBD palm olein oil, our Group intends to gradually dispose of these 3 trucks and purchase new ones in their stead.

The replacement of delivery trucks is after considering our Group's need to consistently deliver products to customers promptly or on time in order to maintain our competitive strength as stated in Section 7.5 of this Prospectus as well as to ensure the safety of our truck drivers.

Meanwhile, the purchase of new delivery trucks is to facilitate our expansion plans. As stated in Section 7.22 of this Prospectus, we intend to further increase our market reach to neighbouring states (i.e. Perak, Negeri Sembilan, Melaka and Pahang). This is in addition to our current main distribution routes in Selangor and Kuala Lumpur.

We intend to use our Group's Public Issue proceeds for the purchase of 5 new trucks to deliver products to our customers, details as follows:

Types of new delivery trucks	Estimated unit cost (RM'000)	Intended no. of units to be purchased	Total estimated cost (RM'000)
19 MT truck	310	1	310
7.5 MT truck	160	2	320
5 MT truck	130	2	260
Total			**890**

The estimated costs for the purchase of new delivery trucks were derived based on the quotations provided by the vendors. Nonetheless, we have not procured or entered into any binding arrangements for the purchase of new delivery trucks. Therefore, the eventual costs for the purchase of new delivery trucks may change if there is an increase / decrease in price. If the total actual costs for the purchase of new delivery trucks exceed RM0.89 million, the deficit will be funded from our internally generated funds. Any surplus from the Public Issue proceeds earmarked for this purpose will be used for our Group's working capital purposes.

We intend to acquire the abovementioned delivery trucks within 12 months from receipt of proceeds.

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4.8.3 Working capital

We have allocated RM5.95 million from our Public Issue proceeds to supplement our general working capital requirements, details as follows:

	Total (RM'000)
Purchase of RBD palm olein oil[(1)]	5,500
Purchase of packaging materials[(2)]	450
Total	**5,950**

Notes:

(1) For FYE 31 March 2024, our purchase of RBD palm olein oil amounted to RM66.51 million. As such, the allocation of RM5.50 million for the purchase of RBD palm olein oil translates to 8.27% of our annual purchase cost of RBD palm olein oil for FYE 31 March 2024.

(2) Comprising mainly bottles, jerry cans, tin cans, polybags, labels and carton boxes. For FYE 31 March 2024, our purchase of packaging materials amounted to RM4.65 million. As such, the allocation of RM0.45 million for the purchase of packaging materials translates to 9.68% of our annual purchase cost of packaging materials for FYE 31 March 2024.

4.8.4 Estimated listing expenses

We have allocated RM3.80 million from our Public Issue proceeds to meet the estimated expenses of our Listing. The following summarises the estimated expenses incidental to our Listing to be borne by us:

	Total (RM'000)
Professional fees[(1)]	2,522
Fees payable to authorities	76
Underwriting, placement and brokerage fees	573
Printing, advertising fees and other incidental charges relating to our Listing	408
Contingencies	221
Total	**3,800**

Note:

(1) Include fees for, amongst others, the Principal Adviser, Reporting Accountants, Solicitors, IMR, Internal Control Reviewer, Company Secretary and Tax Agent.

If our actual listing expenses exceed the amount of Public Issue proceeds allocated for listing expenses, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than the amount allocated, the excess will be reallocated to our Group's working capital.

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4.9 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

4.9.1 Brokerage fee

We will bear the brokerage fees to be incurred on the issue of the 17,300,000 Issue Shares pursuant to our IPO under Sections 4.3.1(i) and 4.3.1(ii) of this Prospectus at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of TA Securities, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House. The brokerage fee is subject to SST.

Our Placement Agent is entitled to charge brokerage fee of 1.00% to the Selected Investors as set out in Sections 4.3.1(iii) and 4.3.2 of this Prospectus. For the avoidance of doubt, such brokerage fee will be paid by such Selected Investors and will not be borne by us nor the Selling Shareholders.

4.9.2 Underwriting commission

TA Securities, as our sole Underwriter, has agreed to underwrite 17,300,000 Issue Shares 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 2.50% of the total value of the Shares underwritten at the IPO Price. The underwriting commission is subject to SST.

4.9.3 Placement fee

TA Securities, as our Placement Agent, has agreed to place out the 48,700,000 Issue Shares available by way of private placement to Selected Investors as set out in Section 4.3.1(iii) of this Prospectus. We will pay our Placement Agent a placement fee at the rate of 2.50% of the total value of the Issue Shares placed out by the Placement Agent at the IPO Price. The placement fee is subject to SST.

TA Securities has also agreed to place out the 20,000,000 Offer Shares available by way of private placement to Selected Investors as set out in Section 4.3.2 of this Prospectus at the same placement fee rate. The placement fee to be incurred on the sale of the Offer Shares will be fully borne by our Selling Shareholders.

4.10 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Our Company had on 28 June 2024 entered into an Underwriting Agreement with our Underwriter, whereby our Underwriter had agreed to underwrite 13,300,000 Issue Shares, which will be made available for application by the Malaysian Public via balloting and 4,000,000 Issue Shares, which will be made available for application by Eligible Persons via Pink Form Allocation ("**Underwritten Shares**"), upon the terms and subject to the conditions therein contained.

The salient terms of the Underwriting Agreement are as follows:

4.10.1 Conditions precedent

(a) The obligations of our Underwriter under the Underwriting Agreement are conditional upon:

   (i) the Underwriting Agreement having been duly executed by all the parties to the Underwriting Agreement and duly stamped;

(ii) there has been on or prior to the last date for acceptance and receipt of an application for the subscription of the Issue Shares or such other later date as our Company and our Underwriter may agree upon ("**Closing Date**"), non-occurrence of any events that are likely to result in any material adverse change in the condition (financial or otherwise) of our Company or our subsidiaries, which is material in the context of our Public Issue from that set forth in our Prospectus, nor the occurrence of any event or the discovery of any fact which is inaccurate, untrue or incorrect to any extent which is or will be material in the reasonable opinion of our Underwriter, which makes any of the representations and warranties contained in the Underwriting Agreement untrue and incorrect in any material respect as though they had been given and made on such date with reference to the facts and circumstances then subsisting, nor the occurrence of any breach of the undertakings contained in the Underwriting Agreement;

(iii) the delivery to our Underwriter:

(aa) prior to the date of the registration of our Prospectus, a copy certified as a true copy by an authorised officer of our Company of all the resolutions of the Directors and the shareholders in general meeting (if required) approving the Underwriting Agreement, the Prospectus, our Public Issue and authorising the execution of the Underwriting Agreement and the issuance of our Prospectus; and

(bb) a certificate, in the form or substantially in the form contained in the Underwriting Agreement, dated the date of our Prospectus signed by duly authorised officers of our Company stating that, to the best of their knowledge and belief, having made all reasonable enquiries, there has been no such change, development or occurrence as is referred to in **Section 4.10.1(a)(ii)** above.

(iv) our Prospectus being in the form and substance satisfactory to our Underwriter;

(v) the delivery to our Underwriter on the Closing Date of such reports and confirmations dated the Closing Date from our Directors as our Underwriter may reasonably require to ascertain that there is no material change subsequent to the date of the Underwriting Agreement that will adversely affect the performance or financial position of our Group

(vi) our Underwriter having been satisfied that arrangements have been made by our Company to ensure payment of the expenses referred to in the Underwriting Agreement;

(vii) our Public Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia;

(viii) there is no investigation, directions or actions by any judicial, governmental or regulatory authority in relation to our Listing or in connection with our Group which is still subsisting or unresolved to the satisfaction of our Underwriter;

(ix) our Company having complied and that our Public Issue is in compliance with the policies, guidelines and requirements of Bursa Securities and/or the SC and all revisions, amendments and/or supplements thereto;

(x) our Company having fully complied with all the conditions which are required to be complied with prior to the issuance of our Prospectus or the Closing Date imposed by Bursa Securities in respect of our Public Issue and our Listing;

(xi) the acceptance for registration by Bursa Securities of our Prospectus and such other documents as may be required in accordance with the CMSA in relation to our Public Issue and the lodgement of the Prospectus with the Companies Commission of Malaysia on or before its release under our Public Issue;

(xii) Bursa Securities has agreed and approved in principle on or prior to the Closing Date to the admission to the Official List of Bursa Securities and the listing and quotation for the entire enlarged issued share capital of our Company on the ACE Market having approved our Prospectus and if such approvals shall be conditional, all conditions thereto being in terms acceptable to our Underwriter on or prior to the Closing Date being reasonably satisfied and such approval not being withdrawn, revoked, suspended, terminated or lapsed and that such listing and quotation shall be granted 3 clear Market Days after the submission to Bursa Securities of the relevant documents including the receipt of confirmation from the Bursa Depository confirming that the securities accounts of all successful applicants have been duly credited and our Issuing House has confirmed that the notices of allotment have been despatched to entitled holders;

(xiii) our Prospectus having been issued within 1 month of the date of the Underwriting Agreement or within such extended period as may be determined by our Underwriter;

(xiv) the issue of our Issue Shares having been approved by Bursa Securities and any other relevant authorities and the shareholders of our Company in a general meeting and such authorisation has not been withdrawn, revoked, suspended, terminated or lapsed; and

(xv) all necessary approvals and authorisations required in relation to our Issue Shares including but not limited to governmental approvals have been obtained and are in full force and effect.

(b) If any of the conditions set out in **Section 4.10.1(a)** above is not satisfied by the Closing Date, our Underwriter shall be entitled to terminate the Underwriting Agreement and in that event, except for the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to the termination and any claims pursuant to the Underwriting Agreement, there shall be no further claims by our Underwriter against our Company, and the parties shall be released and discharged from their respective obligations under the Underwriting Agreement provided that our Underwriter may at its discretion with respect to its obligations waive compliance with any of the provisions of **Section 4.10.1(a)** above.

4.10.2 Termination/lapse of agreement

(a) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may by notice in writing to our Company given at any time before the Closing Date, terminate, cancel or withdraw its commitment to underwrite the Underwritten Shares if:

(i) there is any breach by our Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier; or

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(ii) there is withholding of information which is required to be disclosed "by" or "to" our Underwriter, which is required to be disclosed pursuant to the Underwriting Agreement, and if capable of remedy, is not remedied within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our Public Issue, or the distribution or sale of the Issue Shares; or

(iii) there shall have occurred, happened or come into effect any material and adverse change to the business or financial condition of our Company or our Group; or

(iv) there shall have occurred, happened or come into effect any of the following circumstances:

(aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(bb) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of our Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents),

which, (in the reasonable opinion of our Underwriter), would have or can reasonably be expected to have, a material adverse effect on and/or materially prejudice the business or the operations of our Company or our Group, the success of our Public Issue, or the distribution or sale of our Issue Shares, or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms; or

(v) there is failure on the part of our Company to perform any of its obligations contained in the Underwriting Agreement which is not capable of remedy or, if capable of remedy, is not remedied to the satisfaction of our Underwriter within such number of days as stipulated by our Underwriter in writing to our Company or as stipulated in the notice informing our Company of such breach or by the Closing Date, whichever is earlier.

(b) In the event of termination pursuant to **Sections 4.10.2(a)(i), (ii), (iii)** or **(v),** the respective parties to the Underwriting Agreement shall, save and except for any antecedent breach, be released and discharged from their obligations under the Underwriting agreement whereupon the Underwriting Agreement shall be of no further force or effect subject to the following:

(i) the liability of our Company for the payment of costs and expenses as provided in the Underwriting Agreement incurred prior to or in connection with such termination shall remain;

(ii) the liability of our Company for the payment of the underwriting commission as provided in the Underwriting Agreement shall remain; and

(iii) subject thereto, our Company shall return any monies paid without interest thereon to our Underwriter within 3 Market Days of the receipt of such notice of termination from our Underwriter,

Provided that our Underwriter may at its discretion waive compliance with or modify any of the provisions of this section without prejudice to its powers, rights and remedies under the Underwriting Agreement.

(c) If the Underwriting Agreement is terminated pursuant to **Section 4.10.2(a)(iv)**, our Underwriter and our Company may confer with a view to defer the Public Issue by amending its terms or the terms of the Underwriting Agreement and may enter into a supplemental underwriting agreement accordingly, but neither our Underwriter nor our Company shall be under any obligation to enter into a new or fresh agreement.

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

5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

5.1.1 Promoters' and substantial shareholders' shareholdings

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

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

Notes:

(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.

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

(3) Deemed interested by virtue of the interest of his spouse, Choo Wai Yeen pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of the interest of his son, Wong Cheng Jian pursuant to Section 8 of the Act.

Save for our Promoters and substantial shareholders named above, we are not aware of any other persons who is able to, directly or indirectly, jointly or severally, exercise control over our Company.

The Shares held by our Promoters and substantial shareholders do not have different voting rights from other shareholders of our Company and there is no arrangement between our Company and our shareholders with third parties, the operation of which may at a subsequent date result in a change in control of our Company.

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5.1.2 Changes in our Promoters' and/or substantial shareholders' shareholdings

The changes in the shareholdings of our Promoters and substantial shareholders in our Company since our incorporation on 23 June 2023 are as follows:

	As at incorporation				Before our IPO / As at the LPD[(1)]				After our IPO[(2)]			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
Promoters and substantial shareholders												
Wong Hing Ngiap	50	50.00	-	-	97,960,000	48.98	[(3)]2,040,000	1.02	87,960,000	33.07	[(3)]2,040,000	0.77
Wong Hin Loong	50	50.00	-	-	97,960,000	48.98	[(4)]2,040,000	1.02	87,960,000	33.07	[(4)]2,040,000	0.77

Notes:

(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.

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

(3) Deemed interested by virtue of the interest of his spouse, Choo Wai Yeen pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of the interest of his son, Wong Cheng Jian pursuant to Section 8 of the Act.

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5.1.3 Profiles of Promoters and substantial shareholders

(i) Wong Hing Ngiap
Promoter, substantial shareholder and Managing Director

Wong Hing Ngiap, a Malaysian male aged 53, is our co-founder and Managing Director. He was appointed to our Board on 23 June 2023.

He is responsible for overseeing our Group's strategic business planning and business development. He also oversees our Group's overall operational activities in order to undertake strategic resource planning and management.

He attended Sekolah Menengah Kebangsaan Hulu Kelang in 1984 and completed his Sijil Pelajaran Malaysia in 1989.

Upon completion of his secondary education (Sijil Pelajaran Malaysia), he joined his family business in January 1990 (i.e. Sik Cheong, a partnership business that was registered in June 1967). At the time, Sik Cheong (the partnership business) was involved in the retail and wholesale of sundry goods (including wholesale of edible oils at the time) and repackaging, marketing and distribution of RBD palm olein oil products.

He was responsible for managing the repackaging, marketing and distribution of RBD palm olein oil product business as well as overseeing the retail operations of the sundry shop under Sik Cheong (the partnership business). In August 1992, he was admitted as a partner in Sik Cheong (the partnership business) and held 50% interest together with his brother, Wong Hin Loong (who also held 50% interest).

In April 1992, he together with Wong Hin Loong, co-founded Sik Cheong Trading Sdn Bhd (now known as SCEO). SCEO was dormant until it began to carry out the delivery of RBD palm olein oil products to customers in 1997.

Since 2006, Sik Cheong (the partnership business) began to gradually transfer its RBD palm olein oil product repackaging, marketing and distribution business to SCEO and cease its sundry good retail and wholesale business. Sik Cheong (the partnership business) expired and ceased its business in May 2018.

In October 2019, he co-founded SCSM with Wong Hin Loong, to facilitate the distribution of lamp oil and trading of third-party products.

Save for Wong Hin Loong (his brother) and Choo Wai Yeen (his spouse), he does not have any family relationships with any other Directors, key senior management and/or substantial shareholders of our Group.

Please refer to Section 5.2.4(ii) of this Prospectus for details of Wong Hing Ngiap's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

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(ii) Wong Hin Loong
Promoter, substantial shareholder and Executive Director

Wong Hin Loong, a Malaysian male aged 65, is our co-founder and Executive Director. He was appointed to our Board on 23 June 2023.

He is responsible for overseeing our Group's supply chain management, which includes identifying and evaluating suppliers as well as liaising and negotiating supply contracts or prices for RBD palm olein oil with suppliers.

He attended Sekolah Menengah Jenis Kebangsaan Confucian between 1972 and 1973 (until he completed his Form 2 secondary education).

In 1973, Wong Hin Loong took indefinite break from his secondary school education and joined his family business in January 1974 (i.e. Sik Cheong, a partnership business that was registered in June 1967) which involved in the retail and wholesale of sundry goods (including wholesale of edible oils at the time). He was admitted as a partner in Sik Cheong (the partnership business) in December 1980. During his tenure in Sik Cheong (the partnership business), he was mainly involved in overseeing supply chain management.

In March 1984, he set up another of his family business, Sik Cheong Supermarket with his sister, which is a partnership involved in the retail and wholesale of sundry goods. He was involved in overseeing supply chain management in the supermarket until the Sik Cheong Supermarket partnership expired and ceased its operations in April 1989.

Having worked in the retail and wholesale of sundry goods, he saw potential in marketing essential food products such as RBD palm olein oil products. He began to venture into the repackaging, marketing and distribution of RBD palm olein oil products through Sik Cheong (the partnership business) in 1987.

In April 1992, he together with Wong Hing Ngiap, incorporated Sik Cheong Trading Sdn Bhd (now known as SCEO). SCEO was dormant until it began to carry out the delivery of RBD palm olein oil products to customers in 1997.

Since 2006, Sik Cheong (the partnership business) began to gradually transfer its RBD palm olein oil product of repackaging, marketing and distribution business to SCEO and cease its sundry good retail and wholesale business. Sik Cheong (the partnership business) expired and ceased its business in May 2018.

In October 2019, he co-founded SCSM with Wong Hing Ngiap, to facilitate the distribution of lamp oil and trading of third-party products.

Save for Wong Hing Ngiap (his brother) and Choo Wai Yeen (his sister-in-law), he does not have any family relationships with any other Directors, key senior management and/or substantial shareholders of our Group.

Please refer to Section 5.2.4(iii) of this Prospectus for details of Wong Hin Loong's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

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5.1.4 Promoters and substantial shareholders' remuneration and benefit

Save as disclosed below, there are no other amount or benefits that has been paid or is intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus:

Name	FYE 2024 (Actual) RM'000	FYE 2025 (Proposed) RM'000
Wong Hing Ngiap		
- Remuneration(1)	383	428
- Dividend	-	-
Total	**383**	**428**
Wong Hin Loong		
- Remuneration(1)	380	425
- Dividend	-	-
Total	**380**	**425**

Note:
(1) Represents aggregate remuneration and material benefits-in-kind payable/paid and proposed to be paid for services rendered to our Group in all capacities.

5.2 DIRECTORS

5.2.1 Our Board comprises the following members:

Name	Age	Gender	Nationality	Date of Appointment	Designation
Abdul Razak Bin Dato' Haji Ipap	64	Male	Malaysian	26 December 2023	Independent Non-Executive Chairman
Wong Hing Ngiap	53	Male	Malaysian	23 June 2023	Managing Director
Wong Hin Loong	65	Male	Malaysian	23 June 2023	Executive Director
Thong Kooi Pin	52	Male	Malaysian	26 December 2023	Independent Non-Executive Director
Keh Siew Hoon	53	Female	Malaysian	26 December 2023	Independent Non-Executive Director
Kok Yi Ling	46	Female	Malaysian	26 December 2023	Independent Non-Executive Director

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5.2.2 Profiles of Directors

The profiles of our Executive Directors, namely Wong Hing Ngiap and Wing Hin Loong, who are also our Promoters and substantial shareholders, are disclosed in Section 5.1.3 of this Prospectus.

The profiles of our Independent Non-Executive Directors are as follows:

(i) Abdul Razak Bin Dato' Haji Ipap
Independent Non-Executive Chairman

Abdul Razak Bin Dato' Haji Ipap, a Malaysian male aged 64, is our Independent Non-Executive Chairman. He was appointed to our Board on 26 December 2023.

He graduated with a Bachelor of Science in Agribusiness from Universiti Pertanian Malaysia (presently known as Universiti Putra Malaysia) in October 1988.

Upon his graduation in October 1988, he joined United Engineers (M) Berhad (presently known as UEM Group Berhad) as Business Development Executive. During his tenure there, he was responsible for developing new sales as well as managing an existing portfolio of customers.

In March 1993, he resigned from UEM Group Berhad and took a short break before joining Sime Logistics Sdn Bhd (a subsidiary of Sime Darby Berhad) as Manager in Operations and Marketing in May 1993. During his tenure there, he oversaw and managed the overall operations, marketing, and business development of the company.

In April 1995, he resigned from Sime Logistics Sdn Bhd and joined Celcom (M) Bhd in the same month as a Senior Manager (Logistics). In December 1995, he was promoted to Vice President of Logistics and was in charge of overseeing and managing the overall logistics division of the company.

In January 2000, he left Celcom (M) Bhd to embark on his own career by setting up an information technology company known as Palette Computer Sdn Bhd (not related to Palette Multimedia Berhad). He subsequently resigned as a director and ceased to be a shareholder of this company in September 2013.

In June 2001, he was appointed as Independent Non-Executive Director of UCrest Berhad (previously known as Palette Multimedia Berhad, a company listed on the ACE Market of Bursa Securities) and in August 2022, he was re-designated to Non-Independent Non-Executive Director of UCrest Berhad (as he has served as an Independent Non-Executive Director of UCrest Berhad for a cumulative term of more than 12 years).

Abdul Razak Bin Dato' Haji Ipap does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.4(i) of this Prospectus for details of Abdul Razak Bin Dato' Haji Ipap's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

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

(ii) Thong Kooi Pin
Independent Non-Executive Director

Thong Kooi Pin, a Malaysian male aged 52, is our Independent Non-Executive Director. He was appointed to our Board on 26 December 2023.

He is the Chairman of our Audit and Risk Management Committee and also a member of our Remuneration Committee and Nomination Committee.

He completed his ACCA from Systematic College (presently known as SeGi University and College) in September 1998. In January 2000, he was admitted as a Member of the Malaysian Institute of Accountants. In April 2006, he graduated with a Master in Business Administration in Finance from Universiti Putra Malaysia.

He began his career in November 1994 as an Officer in the Finance Department of UOB Finance (M) Berhad, where he assisted in accounting related matters.

He resigned from UOB Finance (M) Berhad in December 1995 and joined MCL Corporation Berhad (now known as Jerasia Capital Berhad and delisted from Main Market of Bursa Securities on 24 August 2023) as Accounts Executive in January 1996. In March 1997, he was promoted to Assistant Financial Accountant and was responsible for preparing the group's consolidated financial statements for the management and for reporting purposes. In February 1998, he resigned from MCL Corporation Berhad and took a career break to prepare for his ACCA exams.

In August 1998, he resumed his career and joined UCrest Berhad (previously known as Palette Multimedia Berhad, a company listed on the ACE Market of Bursa Securities) as Finance Manager. During his tenure there, he was in charge of handling the financial and treasury matters of the company. In September 1999, he was promoted to Finance, Human Resource and Administration Manager, and was in charge of handling administrative and human resource related functions, in addition to his previous responsibilities. In August 2003, he resigned from his position as Finance, Human Resource and Administration Manager in UCrest Berhad. In December 2006, he was appointed as an Independent Non-Executive Director of UCrest Berhad until his resignation in August 2022 (as he has served more than 12 years in this company).

In September 2003, he joined eWarna.com Sdn Bhd as Finance and Administration Manager and was responsible for handling the financial accounts, treasury, administrative and human resource functions of the company. In July 2004, he resigned from eWarna.com Sdn Bhd.

In August 2004, he joined Mobile Multimedia Sdn Bhd as Finance and Administration Manager and was in charge of handling the financial accounts, treasury, corporate finance and administrative matters of the company.

In September 2005, he was appointed as Executive Director of M-Mode Berhad (now known as Ecobuilt Holdings Berhad, a company listed on the Main Market of Bursa Securities) and was responsible for handling the group's financial accounts, treasury and corporate finance matters.

In February 2006, he resigned from Mobile Multimedia Sdn Bhd.

He was also redesignated from Executive Director to Non-Independent Non-Executive Director of M-Mode Berhad in December 2008 and retired from this position in November 2018.

In September 2006, he joined Key ASIC Berhad (a company listed on the Main Market of Bursa Securities) and assumed his present position as Senior Financial Controller and is currently in charge of overseeing and managing the team handling the group's financial accounts, treasury and corporate finance matters. In April 2013, he was appointed as a director in Key ASIC Semiconductor Sdn Bhd (a wholly-owned subsidiary of Key ASIC Berhad), a position he holds to-date. He is responsible for overseeing the financial accounts of the company.

Thong Kooi Pin does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.4(iv) of this Prospectus for details of Thong Kooi Pin's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

(iii) Keh Siew Hoon
Independent Non-Executive Director

Keh Siew Hoon, a Malaysian female aged 53, is our Independent Non-Executive Director. She was appointed to our Board on 26 December 2023.

She is the Chairman of our Nomination Committee and also a member of our Audit and Risk Management Committee and Remuneration Committee.

She graduated with a Bachelor of Laws from University of Wales in July 1993. In April 1996, she received her Certificate in Legal Practice. In November 1998, she was called to the Malaysian Bar. In December 2008, she subsequently graduated with a Master in Business Administration from the International Islamic University of Malaysia.

In February 1997, she began her legal career with Lim Soh & Goonting as a student in chambers and assisted in conveyancing and litigation matters of the firm. In January 1998, she left Lim Soh & Goonting after completing her pupillage and took a break. She was called to the Malaysian Bar in November 1998.

In February 1999, she resumed her legal practice by joining Kamarudin, Wee & Co. as a Legal Associate. During her tenure there, she assisted in conveyancing corporate and commercial matters of the firm. In January 2008, she was promoted to Partner and assisted in the management of the firm.

In November 2012, she resigned from Kamarudin, Wee & Co. to join AIG Malaysia Insurance Berhad as Assistant General Legal Counsel. During her tenure there, she assisted the Head of Legal Department in all legal matters of the insurance company. In April 2013, she resigned from AIG Malaysia Insurance Berhad.

In May 2013, she returned to Kamarudin, Wee & Co. and assumed her present position as Partner and is in charge of overseeing and managing the overall operations of the firm.

Keh Siew Hoon does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.4(v) of this Prospectus for details of Keh Siew Hoon's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

(iv) Kok Yi Ling
Independent Non-Executive Director

Kok Yi Ling, a Malaysian female aged 46, is our Independent Non-Executive Director. She was appointed to our Board on 26 December 2023.

She is the Chairman of our Remuneration Committee and also a member of our Audit and Risk Management Committee and Nomination Committee.

She graduated with a Bachelors in Accounting and Finance from the London School of Economics, United Kingdom in July 2001.

In March 2002, she began her career in Hong Leong Bank Berhad as a Dealer, Money Market in the Treasury Division. During her tenure there, she was involved in conducting financial and credit analysis of bond papers.

In May 2003, she resigned from Hong Leong Bank Berhad and joined Bina Warehouse Sdn Bhd in the same month as a Business Development Executive. She worked in various departments (in the areas of inventory management, shipping, accounting and retail sales). In September 2007, she was given the role of Sales and Marketing Manager and was involved in developing sales and marketing strategies to grow sales in the bathroom and kitchen products and services division. In August 2013, she was promoted to her present position of Retail Director and is responsible for driving the development and growth of the company's bathroom products business. She manages more than 10 imported bathroom product brands, oversees various divisions including procurement, inventory management and accounts division of the company. In June 2024, she was appointed as an Executive Director of Bina Warehouse Sdn Bhd and is responsible for sales and operational matters as well as the growth of the company.

Kok Yi Ling does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Please refer to Section 5.2.4(vi) of this Prospectus for details of Kok Yi Ling's other directorships and involvement in other corporations and principal business activities performed outside our Group as at the LPD.

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5.2.3 Directors' shareholdings

The shareholdings of our Directors in our Company before and after our IPO are as follows:

	Before our IPO / As at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Abdul Razak Bin Dato' Haji Ipap	-	-	-	-	(3)400,000	0.15	-	-
Wong Hing Ngiap	97,960,000	48.98	(4)2,040,000	1.02	87,960,000	33.07	(4)2,040,000	0.77
Wong Hin Loong	97,960,000	48.98	(5)2,040,000	1.02	87,960,000	33.07	(5)2,040,000	0.77
Thong Kooi Pin	-	-	-	-	(3)400,000	0.15	-	-
Keh Siew Hoon	-	-	-	-	(3)400,000	0.15	-	-
Kok Yi Ling	-	-	-	-	(3)400,000	0.15	-	-

Notes:

(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.

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

(3) Assuming that he / she fully subscribes for the Pink Form Shares allocated to him / her.

(4) Deemed interested by virtue of the interest of his spouse, Choo Wai Yeen pursuant to Section 8 of the Act.

(5) Deemed interested by virtue of the interest of his son, Wong Cheng Jian pursuant to Section 8 of the Act.

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5.2.4 Principal directorships and business activities performed outside our Group

Save as disclosed below, none of our Directors has any involvement in business activities and directorships in any other businesses / corporations outside our Group for the past 5 years preceding the LPD:

(i) Abdul Razak Bin Dato' Haji Ipap

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
UCrest Berhad[(1)]	Independent non-executive director	1 June 2001	-[(1)]	-	-	Investment holding and design, development and marketing of information technology related products and services and its subsidiaries are involved in the principal activities of development and marketing of information technology related products and services and mobile healthcare services provider
	Non-independent non-executive director	26 August 2022[(1)]	-	-	-	
Yayasan Al-Jenderami	Non-executive director	18 December 2020	-	-	-	Khairat (Charity Organisation)
GreenTeam Resources Sdn Bhd	Shareholder	20 August 2019[(2)]	16 October 2023[(2)]	50	-	Computer programming activities; other information technology service activities, activities of providing infrastructure for hosting, data processing services and related activities

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

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Past involvements						
Ecobuilt Holdings Berhad[(3)]	Independent non-executive director	19 June 2012	15 November 2018	-	-	Investment holding and provision of management service to its subsidiaries and its subsidiaries are involved in general contractors for construction work of a related activities
Smart Learning Venture[(4)]	Partnership	4 September 2018	-	33.33	-	Network marketing of educational products
Sawit Suci Sdn Bhd	Non-executive director	10 January 2012	1 March 2021	-	-	Manufacturing and distribution of cooking oil
Vasa Infotech Services Sdn Bhd[(5)]	Shareholder	-	-	33.33	-	Providing information technology software development and support service

Notes:

(1) A company that is listed on the ACE Market of Bursa Securities.

(2) Position held by him was non-executive director.

(3) A company that is listed on the Main Market of Bursa Securities.

(4) The partnership expired on 3 September 2019.

(5) Dissolved on 18 January 2019.

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

(ii) Wong Hing Ngiap

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
Thrive Properties	Executive director and shareholder	5 July 2010	-	50	-	Property investment company and insurance agent
Thrive Carrier Sdn Bhd	Executive director and shareholder	4 April 2023	-	50	-	Management of real estate on a fee or contract basis, insurance agents and other management consultancy activities
Past involvements						
Hardolass Malaysia Sdn Bhd	Shareholder	-	-	-[(1)]	-	Wholesale of industrial chemicals, paints and varnish

Note:

(1) Shares were disposed of on 30 August 2023 to non-related party. He previously held 35,920 shares representing 5%.

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

(iii) Wong Hin Loong

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
Thrive Properties	Executive director and shareholder	5 July 2010	-	40	10[(1)]	Property investment company and insurance agent
Thrive Carrier Sdn Bhd	Executive director and shareholder	4 April 2023	-	50	-	Management of real estate on a fee or contract basis, insurance agents and other management consultancy activities
Past involvements						
NIL						

Note:
(1) Deemed interested by virtue of the interest of his daughter, Wong Cheng Li pursuant to Section 8 of the Act.

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(iv) Thong Kooi Pin

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
Dopira Ventures Sdn Bhd	Non-executive director and shareholder	13 October 2015	-	20	-	Activities of real estate agents and brokers for buying, selling and renting of real estate
Key ASIC Semiconductor Sdn Bhd[(1)]	Executive director	5 April 2013	-	-	-	Providing manufacturing service to fables design company, provide design for manufacturing and design for test consultation and sale of chips
xWin Technology Sdn Bhd	Non-executive director and shareholder	5 July 2021	-	15.2	-	Business and other software application, computer consultancy and web portals
Hardolass Malaysia Sdn Bhd[(2)]	Non-executive director	5 October 2021	-	-	-	Wholesale of industrial chemicals, paints and varnish
JNX Management Sdn Bhd[(3)]	Non-executive director	18 April 2022	-	-	-	Real estate activities with own or leased property; buying, selling, and renting and operation of self-owned or lease real estate (residential building)

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

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Past involvements						
UCrest Berhad[(4)]	Independent non-executive director	18 December 2006	26 August 2022	-^	-	Investment holding and design, development and marketing of information technology related products and services and its subsidiaries are involved in the principal activities of development and marketing of information technology related products and services and mobile healthcare services provider
Ecobuilt Holdings Berhad[(5)]	Executive director	21 September 2005	-[(6)]	-	-	Investment holding and provision of management service to its subsidiaries and its subsidiaries are involved in general contractors for construction work of a related activities
	Non-independent non-executive director	1 December 2008[(6)]	15 November 2018	-	-	
Mobile Multimedia Sdn Bhd[(6)]	Non-executive director	20 May 2005	8 January 2019	-	-	Provision of mobile content and data application services
Loka Travel Sdn Bhd[(7)]	Non-executive director	28 August 2019	20 December 2021	-	-	Providing information and experiences to customers regarding local destinations and activities and to provide local trip creators a platform for easily providing customers with such information and to provide a payment gateway for customers and trip creators

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Past involvements (cont'd)						
NB Travel Sdn Bhd[(7)]	Non-executive director	3 September 2019	30 July 2020	-	-	Travel agency

Notes:

(1) A wholly owned subsidiary company of Key ASIC Berhad, a company listed on Main Market of Bursa Securities. He is also a Financial Controller in Key ASIC Berhad. He holds 14,260,000 shares representing 1.02% in Key ASIC Berhad.

(2) Hardolass Malaysia Sdn Bhd is the subsidiary company of xWin Technology Sdn Bhd where it holds 55% in the company.

(3) JNX Management Sdn Bhd is the wholly owned subsidiary company of xWin Technology Sdn Bhd, where it holds 100% in the company.

(4) A company that is listed on the ACE Market of Bursa Securities.

(5) A company that is listed on the Main Market of Bursa Securities.

(6) Redesignation.

(7) The company has been wound-up.

^ Negligible. As at the LPD, he holds 250,000 shares in UCrest Berhad.

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

(v) Keh Siew Hoon

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
Kamarudin Wee & Co	Partner	1 January 2008	-	-	-	Legal firm
Keh Soon Kion Sdn Bhd	Shareholder	-	-	20	-	Property investment holding
TKP Family Holdings Sdn Bhd	Non-executive director and shareholder	18 June 2002	-	1	-	Letting out properties for rental income, trading of all kinds of goods, brokerage of real estate, earning commission; property investment holding and management and consultancy services and advise in investment of all sorts
Modern Promenade Sdn Bhd	Non-executive director and shareholder	31 May 2011	-	10	-	Property investment holding
Bold Priority Development Sdn Bhd	Non-executive director and shareholder	15 March 2012	-	0.1	-	Property investment holding
Majestic Sanctuary Sdn Bhd	Shareholder	-	-	10	-	Property development
Past involvements						
Majestic F&B Sdn Bhd *(Dissolved on 13 March 2020)*	Shareholder	-	-	20	-	Retail sale of food, beverages and tobacco products via stores or markets and other food services activities.

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

(vi) Kok Yi Ling

Company	Position held	Date appointed as director	Date resigned as director	Equity interest as at the LPD (%)		Principal activities
				Direct	Indirect	
Present involvements						
Bina Warehouse Sdn Bhd	Executive director and shareholder	7 June 2024	-	13.33	-	Trading operations
BTHRMS Sdn Bhd[1]	Executive director	23 May 2016	-	-	-	Supply and installation of bathroom wares (dormant)
Bina Holdings Sdn Bhd	Shareholder	-	-	13.33	-	Investment holding for trading company
Kelso Capital Sdn Bhd	Non-executive director and shareholder	5 April 2013	-	1	99[2]	Property investment holding company
Past involvements						
NIL						

Notes:

(1) BTHRMS Sdn Bhd is the wholly-owned subsidiary company of Bina Warehouse Sdn Bhd.

(2) Deemed interested by virtue of the interest of her spouse pursuant to Section 8 of the Act.

The involvement of our Directors as disclosed above excludes shares held by them as shareholders in public listed companies which is less than 5.00% of the total number of issued shares of a public listed company. They do not hold any directorship in these public listed companies and the shares held are only for trading and personal investment purposes.

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5.2.5 Involvement of our Directors in other businesses / corporations

Save as disclosed in Section 5.2.4 of this Prospectus, our Executive Directors are not involved in other businesses or corporations. The involvement of Wong Hing Ngiap, our Managing Director and Wong Hin Loong, our Executive Director, in other corporations is not expected to affect the operations of our Group as those corporations are mainly involved in property investment or investment holding with minimal day-to-day activities (i.e. to oversee and facilitate the execution of tenancy and insurance documents for the properties belong to these corporations) where full-time attention or involvement is not required. Nonetheless, they are assisted by a personnel to oversee the day-to-day operations of their other businesses. In doing so, they are able to carry out their responsibilities as the Managing Director and Executive Director of our Company. The involvement of our Independent Non-Executive Directors in other business or corporations will not affect their commitment and responsibilities to our Group as they are not involved in our Group's day-to-day operations.

5.2.6 Directors' remuneration and material benefits in-kind

The remuneration of our Directors including their fees, salaries, bonuses, commissions, other allowances and benefits-in-kind must be reviewed and recommended by our Remuneration Committee and subsequently be approved by our Board. Directors' fees and any benefits payable to Directors shall also be subject to annual approval by our shareholders pursuant to an ordinary resolution passed at a general meeting of our Company in accordance with our Constitution. Please refer to Section 15 of this Prospectus for further details. The aggregate remuneration and material benefits in-kind payable/paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for FYE 2024 and FYE 2025 are as follows:

(i) FYE 2024 (Actual)

Name	Director's fees	Basic salary	Bonuses	Commission	Benefits-in-kind and allowances	Statutory Contributions (EPF, SOCSO and EIS)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors							
Wong Hing Ngiap	(1)-	296	-	-	30	57	383
Wong Hin Loong	(1)-	296	-	-	27	57	380
Non-Executive Directors							
Abdul Razak Bin Dato' Haji Ipap	(2)-	-	-	-	-	-	-
Thong Kooi Pin	(2)-	-	-	-	-	-	-
Keh Siew Hoon	(3)-	-	-	-	-	-	-
Kok Yi Ling	(3)-	-	-	-	-	-	-

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

Notes:

(1) Our Executive Directors are not remunerated with directors' fees as their contributions to our Group are mainly remunerated via their respective salaries.

(2) Appointed to our Board on 26 December 2023. The monthly Director's fee of RM4,000 is only payable upon Listing.

(3) Appointed to our Board on 26 December 2023. The monthly Director's fee of RM3,000 is only payable upon Listing.

(ii) FYE 2025 (Proposed)

Name	Director's fees	Basic salary	Bonuses	Commission	Benefits-in-kind and allowances	Statutory Contributions (EPF, SOCSO and EIS)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors							
Wong Hing Ngiap	(1)-	312	26	-	30	60	428
Wong Hin Loong	(1)-	312	26	-	27	60	425
Non-Executive Directors							
Abdul Razak Bin Dato' Haji Ipap	(2)40	-	-	-	-	-	40
Thong Kooi Pin	(2)40	-	-	-	-	-	40
Keh Siew Hoon	(3)30	-	-	-	-	-	30
Kok Yi Ling	(3)30	-	-	-	-	-	30

Notes:

(1) Our Executive Directors are not remunerated with directors' fees as their contributions to our Group are mainly remunerated via their respective salaries.

(2) Appointed to our Board on 26 December 2023. Inclusive of a one-off Director's fee of RM8,000 and the monthly Director's fee of RM4,000, which are payable upon Listing.

(3) Appointed to our Board on 26 December 2023. Inclusive of a one-off Director's fee of RM6,000 and the monthly Director's fee of RM3,000, which are payable upon Listing.

5.3 BOARD PRACTICES

Our Board has the following key responsibilities:

(i) Overseeing and evaluating the conduct and sustainability of the businesses of the Group;

(ii) Reviewing and adopting the overall strategic direction, business plans, and annual budgets of the Group, including major capital commitments and ensuring that such strategic plans support long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;

(iii) Establishing key performance indicators and succession plans;

(iv) Reviewing and approving new ventures, major acquisitions and disposal of undertakings and properties;

(v) Identifying and understanding the principal risks of the Company's business and ensuring the implementation of appropriate internal control systems and mitigation measures to manage these risks;

(vi) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems;

(vii) Overseeing the development and implementation of the shareholder communications policy for the Company;

(viii) Ensuring the Group's core values, vision and mission and shareholders' interests are met;

(ix) Ensuring all significant systems and procedures are in place for the Group to run effectively, efficiently and meet all legal and contractual requirements;

(x) Ensuring that the Group has appropriate corporate governance in place including standards of ethical behaviour and promoting a culture of corporate responsibility;

(xi) Supervise and assess the performance of the senior management to determine whether the business is being properly managed and ensure that appropriate measures are in place against which the senior management's performance can be assessed;

(xii) To review, challenge and decide on management's proposals for the Group and to monitor its implementation by management;

(xiii) Monitor compliance with established policies and procedures;

(xiv) Comply with environment, safety and health legislation by understanding the operations being carried out by employees and the hazards and risks associated with such operations;

(xv) Ensure the senior management has the necessary skills and experience and there are measures in place to provide for the orderly succession of Board and senior management; and

(xvi) To ensure the integrity of the Company's financial and non-financial reporting.

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have at least half of the Board comprising Independent Non-Executive Directors, that the Chairman of our Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.

Our Board is also mindful of the importance of building a sustainable business, and therefore takes into consideration the environmental, social and governance impact when developing the corporate strategy of our Group. Our Board also ensures that we participate and undertake activities in corporate social responsibilities.

5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

Name	Designation	Date of appointment	Date of expiration of the current term of office	No. of year(s) in office
Abdul Razak Bin Dato' Haji Ipap	Independent Non-Executive Chairman	26 December 2023	Subject to retirement at AGM 2024	Less than 1 year
Wong Hing Ngiap	Managing Director	23 June 2023	Subject to retirement at AGM 2024	Less than 1 year
Wong Hin Loong	Executive Director	23 June 2023	Subject to retirement at AGM 2024	Less than 1 year
Thong Kooi Pin	Independent Non-Executive Director	26 December 2023	Subject to retirement at AGM 2024	Less than 1 year
Keh Siew Hoon	Independent Non-Executive Director	26 December 2023	Subject to retirement at AGM 2024	Less than 1 year
Kok Yi Ling	Independent Non-Executive Director	26 December 2023	Subject to retirement at AGM 2024	Less than 1 year

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

In accordance with our Constitution, at the first AGM of our Company, all our Directors shall retire from office. At the AGM in every subsequent year, one-third (1/3), or, if their number is not 3 or a multiple of 3, then the number nearest to one-third (1/3), of our Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. An election of directors shall take place each year.

5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 28 December 2023 and its members are appointed by our Board. Our Audit and Risk Management Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Thong Kooi Pin	Chairman	Independent Non-Executive Director
Keh Siew Hoon	Member	Independent Non-Executive Director
Kok Yi Ling	Member	Independent Non-Executive Director

The main function of our Audit and Risk Management Committee is to assist our Board in fulfilling its responsibility to oversee our Group's accounting, financial matters and risk management. The Audit and Risk Management Committee's responsibilities as stated in its terms of reference include, amongst others, the following:

<u>External Auditors</u>

(i) To consider any matters concerning the appointment and re-appointment, the audit and non-audit fees and any questions of resignation or dismissal of external auditors;

(ii) To ensure and annually assess the suitability, objectivity and independence of external auditors, taking into consideration:

- (a) the adequacy of the experience, competence, audit quality and resource capacity of the external auditor in relation to the audit;
- (b) the persons assigned to the audit;
- (c) the accounting firm's audit engagements;
- (d) the size and complexity of the Company being audited;
- (e) the number and experience of supervisory and professional staff assigned to the particular audit;
- (f) the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- (g) assurance from the external auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

(iii) To appropriately communicate the Committee's insights, views and concerns about relevant transactions and events as well as concerns on matters that may have an effect on the financials or audit of the Company to the external auditors;

(iv) To ensure coordination between the external auditors and the internal auditors;

(v) To review with the external auditors:

(a) their audit plan, scope and nature of the audit of the Group;

(b) their evaluation and findings of the system of risk management and internal controls;
(c) their audit reports on financial statements;
(d) the management letter and management's response with regard to problems and reservations arising from their audits;
(e) the coordination of audits where more than one audit firm is involved; and
(f) any other matters that the external auditors may wish to discuss (in the absence of management where necessary).

(vi) To review the Annual Transparency Report ("**ATR**") of the external auditors, if applicable, or to engage with audit firms (for firms that are not required to issue ATR) on matters in relation to their governance and leadership structure as well as measures undertaken by the audit firm to improve the audit quality and manage risks;

(vii) To review the assistance given by the management and employees of the Group to the external auditors, including any difficulties or disputes with management encountered during audit;

(viii) To review and monitor the provision of non-audit services provided by the external auditors and/or its affiliate firms, including the nature of the non-audit services, fee of the non-audit services individually and in aggregate relative to the external audit fees, and safeguards deployed to eliminate or reduce any threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided;

(ix) To review any letter of resignation from the external auditors of the Company;

(x) To review whether there is a reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(xi) To recommend the nomination of a person or persons as external auditors of the Company.

Review of Statements

To ensure that the external auditors review a statement made by the Board with regards to the state of risk management and internal control of the Company and report the results thereof to the Board of the Company.

Right to request for a meeting

To ensure that upon request of the external auditors, the Chairman must convene a meeting of the Committee to consider any matter that the external auditors believe should be brought to the attention of the Board or the shareholders.

Internal Audit Function

(i) To review and assess the adequacy of the scope, functions, competency, experience and resources of the internal audit functions of which the internal auditors should report directly to the Committee;

(ii) To ensure that the internal auditors are independent and objective and have the relevant qualifications and be responsible for assuring the Committee that the internal controls are operating effectively;

(iii) To receive reports directly from the persons responsible for the internal audit;

(iv) To appropriately communicate the Committee's insights, views and concerns about relevant transactions and events as well as concerns on matters that may affect the financials or audit of the Company to the internal auditors;

(v) To ensure coordination between the internal auditors and the external auditors;

(vi) To review the internal audit plan, processes, the results of internal audit assessments or investigations undertaken and whether or not appropriate action is taken on the recommendations made;

(vii) To review the adequacy and effectiveness of the Group's internal control systems, anti-corruption and whistle-blowing as evaluated, identified and reported by the Management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;

(viii) To review whether the internal audit function is carried out in accordance with a recognised framework; and

(ix) To review and decide on the budget allocated to the internal audit function.

Committee Report

(i) To ensure that a Committee Report is prepared at the end of each financial year that complies with subparagraphs (ii) and (iii) below;

(ii) To ensure that the Committee Report is set out in the Annual Report of the Company; and

(iii) To ensure that the Committee Report includes the following:

(a) the composition of the Committee, including the name, designation (indicating the Chairman) and directorship of the members (indicating whether the Directors are independent or otherwise);
(b) the number of Committee meetings held during the financial year and details of attendance of each Committee member;
(c) a summary of the work of the Committee in the discharge of its functions and duties for that financial year of the Company and how it has met its responsibilities; and
(d) a summary of the work of the internal audit function.
(e) a summary of any conflict of interest or potential conflict of interest situation reviewed by the Committee pursuant to Rule 15.12(1)(h) of the ACE Market Listing Requirements of Bursa Securities ("**Listing Requirements**") (excluding a related party transaction), and the measures taken to resolve, eliminate or mitigate such conflicts.

Financial Reporting

(i) To ensure that the Committee is fully informed about significant matters related to the Company's audit and its financial statements and addresses these matters; and

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

(ii) To review the quarterly results and year-end financial statements of the Group before the approval by the Board, focusing particularly on:

(a) any changes in or implementation of major accounting policy changes;
(b) significant matters highlighted including financial reporting issues, a significant judgement made by management, significant and unusual events or transactions and how these matters are addressed;
(c) significant adjustments arising from the external audit;
(d) litigation that could materially affect financial results;
(e) the appropriateness of the going concern assumption used in the preparation of the financial statements;
(f) compliance with accounting standards and other legal and regulatory requirements;
(g) corporate disclosure policies and procedures of the Company (as they pertain to accounting, audit and financial matters);
(h) whether the financial statements taken as a whole provide a true and fair view of the Company's financial position and performance;
(i) demonstrating an appropriate level of vigilance and skepticism towards, among others, the detection of any financial anomalies or irregularities in the financial statements; and
(j) making appropriate recommendations relating to financial, audit and compliance findings to the Board for approval, where necessary.

Related Party Transactions ("**RPTs**"), Recurrent Related Party Transactions ("**RRPTs**") and Conflict of Interest ("**COI**")

(i) To establish comprehensive procedures for identifying, evaluating, approving and reporting all RPT and RRPT, and COI situations;

(ii) To review and report any RPTs, RRPTs and COI situations that arose, persist or may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity and the measures taken to resolve, eliminate or mitigate such conflicts;

(iii) To review and ensure that related party transactions are conducted on arms' length basis and on normal commercial terms in the ordinary course of business and based on terms that are fair to the Group and are not to the detriment of the minority shareholders and make recommendations to Board; and

(iv) Review and establish whether all RRPT have been carried out in accordance with the mandate approved by the shareholders and are on commercial terms no more favourable to the related parties than those available to the public and make recommendations to Board.

Risk Management

(i) Assisting the Board to effectively discharge its risk oversight responsibilities by monitoring and overseeing the Group's risk management and processes in identifying, evaluating, monitoring and managing significant risks within the Group;

(ii) Reviewing the risk profiles in respective business units and the Group;

(iii) Identifying the key risks faced by the Group and respective business units and major changes and the management action plans to manage risks;

(iv) Reviewing and assessing the adequacy and effectiveness of the systems of internal control, anti-corruption, whistle blowing, governance process and accounting control procedures and appropriate systems in place to manage and mitigate risks;

(v) Reviewing the Group's risk managing policy and implementation of the risk management framework; and

(vi) To review the Statement on Risk Management and Internal Control (which has been reviewed by the external auditors) for inclusion in the Company's Annual Report and recommend for approval by the Board.

Reporting of breaches to the Exchange

Where the Committee is of the view that a matter reported by it to the Board of the Company has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to Bursa Securities.

Compliance and Other Matters

(i) To verify the allocation of options under a share issuance scheme or the allocation of shares according to any incentive plan for employees of the Group to comply with the criteria which are disclosed to the employees;

(ii) To review and conduct an annual performance evaluation of the internal and external auditors, in respect of each financial year under review; to monitor the performance, suitability, objectivity and independence of the internal and external auditors;

(iii) To oversee the implementation of the Whistleblowing Policy and Procedures of the Group, as well as review major findings of any internal investigations and management responses thereon;

(iv) To report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board; and

(v) To carry out such other functions or assignments as may be delegated by the Board from time to time.

The recommendations of our Audit and Risk Management Committee are subject to the approval of our Board.

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

5.3.3 Remuneration Committee

Our Remuneration Committee was established on 28 December 2023 and its members are appointed by our Board. Our Remuneration Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Kok Yi Ling	Chairman	Independent Non-Executive Director
Thong Kooi Pin	Member	Independent Non-Executive Director
Keh Siew Hoon	Member	Independent Non-Executive Director

The main function of our Remuneration Committee is to assist our Board in fulfilling its responsibility to oversee our Group's compensation, bonuses, incentives and benefits. The Remuneration Committee's responsibilities as stated in its terms of reference include, amongst others, the following:

(i) Reviewing and recommending appropriate remuneration packages for all Directors and senior management, with or without professional advice;

(ii) Reviewing and recommending fees and benefits payable to the Directors, and any compensation for loss of employment of Executive Directors;

(iii) Assisting the Board in formulating policies and guidelines for the composition of various components of remuneration such as basic salary, bonus and other benefits and compensation payable on termination of the service contract by the Company and/or Group for Directors and senior management;

(iv) Ensuring that remuneration packages and benefits for Directors and senior management align with the Company's business strategies, long-term objectives, and remuneration policy, as well as comply with all laws, rules, regulations and guidelines set by relevant authorities and the Board;

(v) Developing and administering a fair and transparent procedure for setting policy on the remuneration of Directors and senior management, which considers the demands, complexities, and performance of the Company as well as the skills and experience required;

(vi) Implementing the Board's remuneration policy and procedures in a transparent process including reviewing and recommending matters related to the remuneration of the Board and senior management;

(vii) Ensuring that the level of remuneration packages is fair and appropriate according to the industry, general market sentiment / condition and the Company's operating results as well as the Director's or senior management's merit, qualification, competence and individual performance;

(viii) Ensuring that appropriate rewards, benefits, compensation, and remuneration are offered to retain Directors and structuring remuneration packages to link rewards to individual performance; and

(ix) Carrying out any other functions delegated by the Board that would benefit the Company and ensure the effective discharge of the Committee's duties and responsibilities.

The Director(s) concerned shall abstain from deliberation and voting on his/her own respective remuneration.

5.3.4 Nomination Committee

Our Nomination Committee was established on 28 December 2023 and its members are appointed by our Board. Our Nomination Committee as at the LPD comprises the following members:

Name	Designation	Directorship
Keh Siew Hoon	Chairman	Independent Non-Executive Director
Thong Kooi Pin	Member	Independent Non-Executive Director
Kok Yi Ling	Member	Independent Non-Executive Director

The main function of our Nomination Committee's duties and responsibilities as stated in its terms of reference, amongst others, include the following:

(i) The Committee is responsible for reviewing, assessing and recommending suitable candidates for appointment as Directors of the Company, as well as retiring Directors seeking re-election at the annual general meeting. When making recommendations to the Board regarding directorship or re-election, the Committee must consider the "Fit and Proper Criteria" outlined in the Directors' Fit and Proper Policy. These criteria include, but are not limited to:

  (a) diversity in skills, knowledge, expertise, experience, age, cultural background and gender;
  (b) competence and professionalism;
  (c) character and integrity;
  (d) time and commitment;
  (e) any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
  (f) in the case of candidates for the position of Independent Director, the Committee shall also evaluate the ability of the candidate to discharge such responsibilities / functions as expected from an Independent Director.

(ii) The Committee may seek independent sources to identify qualified candidates for the Board. The Committee is responsible for appointing a gender-diverse Board;

(iii) To evaluate the necessary mix of skills, experience, core competencies, and diversity (including age, cultural background and gender) of the Board and its committees. The Committee will assess the contribution and performance of each Director to ensure the Board and its committees operate effectively and efficiently;

(iv) To review the size, structure, balance, and composition of the Board and its committees to ensure optimal performance and make recommendations to the Board for the creation of additional committees or the change in mandate or dissolution of committees;

(v) To identify and review the core competence, skills and other qualities including the skills, knowledge, experience and diversity required by each of the Non-Executive Directors, that are essential to contribute towards the effectiveness and balance of the Board;

(vi) To review and evaluate the contributions made by each member of the Board. The evaluation will consider their experience, knowledge, credibility and credentials; and assess their effectiveness in fulfilling their duties as members of the Board. All assessments and evaluations conducted by the Committee in the course of its duties must be properly documented;

(vii) To assess each Director's ability to contribute to the Board's decision making process and ensure that the Board operates actively, efficiently and effectively in all its decision making;

(viii) To conduct an annual review of the term of office and performance of the Audit and Risk Management Committee and each of its members. The review will assess whether the Committee and its members have fulfilled their duties in accordance with their terms of reference;

(ix) To evaluate annually the effectiveness of the Board and its committees as a whole in terms of decision making process;

(x) To review and assess annually the independence of the Independent Non-Executive Directors of the Company;

(xi) To develop and review criteria for the annual assessment of the Board, Board Committees, individual Directors and independence of the Independent Directors;

(xii) To review, consider and make recommendations regarding the continuation in office of Independent Non-Executive Directors who have served for more than 9 years. The assessment will take into account their performance and ability to contribute to the Board in light of the necessary knowledge, skills and experience;

(xiii) To oversee the development of succession planning of the Board and senior management of the Company;

(xiv) To assess and recommend the re-election of Directors who are due to retire in accordance with the Company's Constitution. The recommendation will be based on the Director's performance, contributions to the Board and compliance with the Company's policies and procedures;

(xv) To remain updated and fully informed about strategic issues and commercial changes that impact the Company and the market in which it operates;

(xvi) To act in line with the directions of the Board;

(xvii) To review the fulfilment of Directors' training for each financial year and disclose details in the annual report as appropriate;

(xviii) To review with the Managing Director and the Executive Director, their goals and objectives and to assess their performance against these objective as well as their contribution to the corporate strategy; and

(xix) To carry out such other functions or assignments as may be delegated by the Board from time to time.

The fit and proper assessment on any person identified to be appointed as a Director or to continue holding the position as a Director within our Group will be conducted prior to the initial appointment or proposed re-election as a Director. The Committee shall be guided by the Directors' Fit and Proper Policy in conducting the fit and proper assessment.

5.4 KEY SENIOR MANAGEMENT

5.4.1 Our key senior management as at the LPD comprises the following:

Name	Age	Gender	Designation
Wong Hing Ngiap	53	Male	Managing Director
Wong Hin Loong	65	Male	Executive Director
Choo Wai Yeen	53	Female	Chief Operating Officer
Dee Bee Lian	53	Female	Chief Financial Officer
Woi Chee Keong	42	Male	Factory Manager

All of our key senior management are Malaysian.

5.4.2 Profiles of key senior management

The profiles of Wong Hing Ngiap and Wong Hin Loong, who are also our Promoters and/or substantial shareholders, are disclosed in Section 5.1.3 of this Prospectus.

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

(i) Choo Wai Yeen
Chief Operating Officer

Choo Wai Yeen, a Malaysian female aged 53, is our Chief Operating Officer. She is responsible for overseeing and managing the day-to-day operations of our Group relating to procurement, repackaging, quality management, warehousing and delivery of RBD palm olein oil products.

She graduated with a Diploma in Computer Studies from The National Centre for Information Technology, United Kingdom (through Regent School of Economics (Stamford), Kuala Lumpur) in September 1991.

She began her career in January 1990 after completing her secondary education from Sekolah Menengah Hulu Kelang Ampang Selangor, as a part-time Sales and Admin Clerk with Pajak Gadai Yoon Cheong Tong.

While working in Pajak Gadai Yoon Cheong Tong, she studied for her Computer Studies in Regent School of Economics (Stamford), Kuala Lumpur and she completed her studies in September 1991. During her time as a part-time Sales and Admin Clerk, she was involved in providing pawnbroking services to customers and assisting in administrative matters.

In October 1992, she resigned from Pajak Gadai Yoon Cheong Tong and began to work as a temporary teacher in Sekolah Rendah Jenis Kebangsaan (C) On Pong in January 1993 until November 1994.

In December 1994, she joined Sik Cheong (a partnership business that was registered in June 1967) as an Administrative Officer and was involved in handling administrative matters as well as assisting to prepare management accounts until she was transferred to SCEO in October 2006.

In June 2020, she was promoted to General Manager of SCEO. In the same month, she was also appointed as a Director of SCSM. She is responsible for overseeing and managing the day-to-day operations of SCEO and SCSM. She was also involved in overseeing the finance and accounting functions of SCEO and SCSM until October 2021. During this period, she was assisted by the relevant personnel from the finance and admin department of SCEO and SCSM. She assumed her present role as our Group's Chief Operating Officer in August 2023.

In May 2024, she completed her Master of Business Administration in City University, Kuala Lumpur (admitted under a program known as Accreditation of Prior Experiential Learning, APEL moderated by Malaysian Qualification Agency).

Choo Wai Yeen is the spouse of Wong Hing Ngiap (Managing Director) and sister-in-law of Wong Hin Loong (Executive Director) as well as Woi Chee Keong (key senior management).

Save as disclosed above, she does not have any family relationships with any of the Promoters, Directors, substantial shareholders and/or key senior management of our Group.

Choo Wai Yeen is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in any other corporations outside of our Group for the past 5 years prior to the LPD.

(ii) Dee Bee Lian
Chief Financial Officer

Dee Bee Lian, a Malaysian female aged 53, is our Chief Financial Officer. She is responsible for our Group's overall finance and accounting matters as well as human resources and Halal management related matters.

She obtained her Master's degree in Business Administration from the Anglia Ruskin University, under through FTMS Global Business School, Malaysia in April 2020. She holds her professional qualification from the Association of International Accountants since November 2003.

Upon her completion of Diploma in Business Studies from London Chamber of Commerce and Industry in May 1992 and after taking a break, she began her career with Automation & Computer Engineering Sdn Bhd in April 1993 as Accounts Assistant and was involved in financial reporting until her resignation in March 1995.

In April 1995, she joined Sin Ban Realty Sdn Bhd as Accounts Assistant cum Secretary. During her tenure there, she was in charge of preparing the company's management accounts and assisting in secretarial-related matters. In November 1995, she resigned from Sin Ban Realty Sdn Bhd and joined P.D. Shopping Centre (Lukut) Sdn Bhd as an Accounts Assistant in December 1995, where she was responsible for the preparation of the full set of accounts. In March 1996, she was promoted to Assistant Account Supervisor. She resigned from P.D. Shopping Centre (Lukut) Sdn Bhd in April 1996.

In May 1996, she joined Dinding Farms Sdn Bhd as Account and Secretarial Assistant and was responsible for preparing a full set of accounts as well as secretarial matters of the company. In October 1996, she resigned from Dinding Farms Sdn Bhd and joined Parisign Marketing Sdn Bhd as Accounts Supervisor in November 1996. During her tenure there, she led a team in preparing management accounts, liaising with auditors and suppliers.

In March 1997, she left Parisign Marketing Sdn Bhd and joined Timbora Sdn Bhd as Accounts Executive in April 1997. During her tenure there, she was involved in the preparation of financial accounts, handling administrative matters as well as assisting in the preparation of quotations for project tenders.

In July 2002, she was promoted to Accounts and Admin Manager, where she managed a team in preparing financial reports and statements, and handled all administrative and human resource related matters. In June 2013, she resigned from Timbora Sdn Bhd.

Immediately after her resignation in June 2013, she joined Acecorp Development Sdn Bhd as Finance Manager in the same month. During her tenure there, she was responsible for leading a team in preparing financial reports and budgets as well as liaising with relevant financial professionals.

In December 2014, she resigned from Acecorp Development Sdn Bhd and joined Dwelling Makers Sdn Bhd in January 2015 as Financial Controller (Hospitality Division). During her tenure there, she was in charge of handling all finance and accounting functions of the company. In September 2016, she resigned from Dwelling Makers Sdn Bhd and took a short break from her career.

In January 2017, she joined Plenitude Berhad (a company listed on the Main Market of Bursa Securities) as Senior Manager - Finance. In July 2018, she was transferred from Plenitude Berhad to The Nomad Group Bhd (delisted from Main Market of Bursa Securities on 1 July 2015 and became a wholly-owned subsidiary of Plenitude Berhad), and was also Senior Manager - Finance for this company.

In January 2019, she was transferred to The Nomad Hotel Management Sdn Bhd (now known as Plenitude Management Services Sdn Bhd, a wholly-owned subsidiary of Plenitude Berhad) and was promoted to Head of Finance & Operations. She was primarily responsible for the management of financial affairs as well as operational matters. She was also responsible for the Plenitude Berhad group of companies' hospitality division consolidated accounts and financial reporting. In September 2021, she resigned from Plenitude Management Services Sdn Bhd.

In October 2021, she joined SCEO as Assistant General Manager and was subsequently appointed as our Group's Chief Financial Officer in August 2023. She is tasked with the management of financial affairs and reporting of our Group. Prior to joining SCEO, the finance and accounting functions for SCEO and SCSM was handled by Choo Wai Yeen.

Dee Bee Lian does not have any family relationships with any of our Promoters, Directors, substantial shareholders and/or key senior management.

Dee Bee Lian is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in any other corporations outside of our Group for the past 5 years prior to the LPD.

(iii) Woi Chee Keong
Factory Manager

Woi Chee Keong, a Malaysian male aged 42, is our Factory Manager. He is responsible for managing the main packaging facility operations, creating work schedules and assigning roles for workers based on the production planning schedule, and monitoring operational costs to ensure that costs are within the allocated budget.

He graduated with a Diploma in Electrical and Electronic Engineering from the Institute Teknologi Pertama in April 2003.

He began his career in June 2002, with Delcol United Marketing (M) Sdn Bhd as Technician, where he was involved in conducting installations and servicing of water filtration and dispensing systems.

In September 2009, he resigned from Delcol United Marketing (M) Sdn Bhd and immediately joined Ideal Beverage Marketing Sdn Bhd as Technician. During his tenure there, he was involved in carrying out installations, servicing and maintenance of beverage equipment. In March 2010, Ideal Beverage Marketing Sdn Bhd merged with LMC Star Sdn Bhd, and he was subsequently promoted to Technical Manager in the same month. During his tenure there, he was responsible for recruiting, supervising, managing, and training new technicians in order to conduct installations, servicing and maintenance of beverage equipment.

In April 2019, he resigned from LMC Star Sdn Bhd to join Alphadent Holdings Sdn Bhd as Technical Support at the same time, where he was responsible for liaising with customers and conducting installation, calibration and maintenance of dental X-rays.

In March 2022, he resigned from Alphadent Holdings Sdn Bhd and subsequently joined SCEO in April 2022 as Safety and Operations Manager and he was subsequently promoted to a Factory Manager in April 2023. He is primarily involved in training and supervising operation, QC/QA and HSE personnel, managing delivery schedules for customers, production planning, as well as ensuring safety and maintenance of the machinery and equipment.

Woi Chee Keong is the brother-in-law of Choo Wai Yeen (key senior management and spouse of Wong Hing Ngiap).

Save as disclosed above, he does not have any family relationships with any of the Promoters, Directors, substantial shareholders and/or key senior management of our Group.

Woi Chee Keong is not involved in any principal business activities performed outside of our Group as at the LPD and principal directorships in any other corporations outside of our Group for the past 5 years prior to the LPD.

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5.4.3 Key senior management's shareholdings

The shareholdings of our key senior management in our Company before and after our IPO are as follows:

	Before our IPO / As at the LPD				After our IPO			
	Direct		Indirect		Direct		Indirect	
Key senior management	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
Wong Hing Ngiap	97,960,000	48.98	(4)2,040,000	1.02	87,960,000	33.07	(4)2,040,000	0.77
Wong Hin Loong	97,960,000	48.98	(5)2,040,000	1.02	87,960,000	33.07	(5)2,040,000	0.77
Choo Wai Yeen	2,040,000	1.02	-	-	2,040,000	0.77	-	-
Dee Bee Lian	-	-	-	-	(3)400,000	0.15	-	-
Woi Chee Keong	-	-	-	-	(3)400,000	0.15	-	-

Notes:
(1) Based on our issued share capital of 200,000,000 Shares after the Acquisitions but before our IPO / as at the LPD.

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

(3) Assuming that he / she fully subscribes for the Pink Form Shares allocated to him / her.

(4) Deemed interested by virtue of the interest of his spouse, Choo Wai Yeen pursuant to Section 8 of the Act.

(5) Deemed interested by virtue of the interest of his son, Wong Cheng Jian pursuant to Section 8 of the Act.

5.4.4 Involvement of key senior management in other businesses or corporations

Wong Hing Ngiap's and Wong Hin Loong's involvement in business activities and directorship in other businesses or corporations outside our Group for the past 5 years preceding the LPD are disclosed in Section 5.2.4 of this Prospectus.

None of our other key senior management has any involvement in business activities and directorship in any other businesses or corporations outside our Group for the past 5 years preceding the LPD.

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

The aggregate remuneration and material benefits-in-kind paid and proposed to be paid to our key senior management (save for those for Wong Hing Ngiap and Wong Hin Loong, which are as disclosed in Section 5.2.6 of this Prospectus) for services rendered / to be rendered to our Group in all capacities for the FYE 2024 and FYE 2025 are as follows:

	Remuneration band (in bands of RM50,000)(1)	
Name of key senior management	**Paid for FYE 2024 RM'000**	**Proposed for FYE 2025 RM'000(2)**
Choo Wai Yeen	300 – 350	300 – 350
Dee Bee Lian	250 – 300	250 – 300
Woi Chee Keong	100 – 150	100 – 150

Notes:

(1) The remuneration includes salaries, allowances, bonuses, commission and statutory contribution.

(2) The provision for bonuses is not included. Such bonuses, if any, will be determined at a later date depending on the individual performance and the performance of our Group, subject to the recommendation of our Remuneration Committee and approval by our Board.

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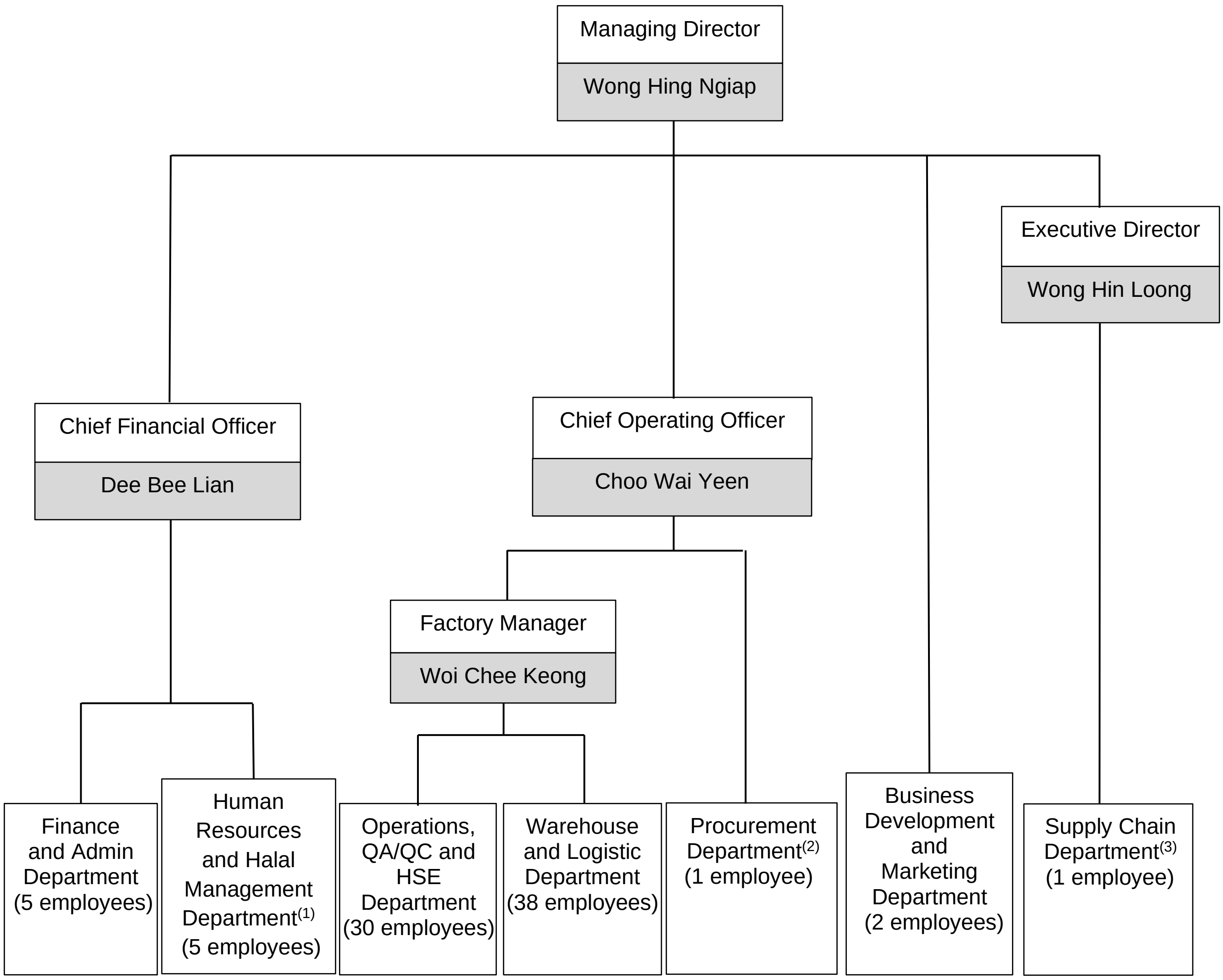
5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

5.4.6 Management Reporting Structure

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



Notes:

(1) Halal Management Department is responsible for obtaining and maintaining Halal certification from the relevant authorities as well as ensure our Group remains compliant with all regulations and standards on Halal certification for our Group's operations at Factory No. 11.

(2) Procurement Department is responsible for arranging purchase orders for the purchase of RBD palm olein oil and packaging materials from suppliers.

(3) Supply Chain Department is responsible for identifying and evaluating suppliers as well as liaising and negotiating supply contracts or prices for RBD palm olein oil with suppliers.

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5.5 DECLARATIONS BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, none of our Promoters, Directors and key senior management is or was involved in any of the following events, whether within or outside Malaysia:

(i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him / her or any partnership in which he / she was a partner or any corporation of which he / she 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 judgment was entered against him / her, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his / her part, involving a breach of any law or regulatory requirement that relates to the capital market;

(v) in the last 10 years, he / she was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his / her part that relates to the capital market;

(vi) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him / her from engaging in any type of business practice or activity;

(vii) being the subject of any current investigation or disciplinary proceeding, or 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; or

(viii) has an unsatisfied judgment against him / her.

In respect of Section 5.5(vii), one of our Independent Non-Executive Directors, namely Thong Kooi Pin, received warning letters from the Malaysian Institute of Accountants ("**MIA**") while he was a Chairman of the Audit Committee of Palette Multimedia Berhad (now known as UCrest Berhad) ("**UCrest**").

Thong Kooi Pin was appointed as an Independent Non-Executive Director of Palette from 18 December 2006 to 26 August 2022. He was also the Chairman of the Audit Committee of UCrest. He served as the Independent Non-Executive Director of UCrest for a cumulative term of more than 12 years and his resignation on 26 August 2022 is in compliance with the Listing Requirements.

During his tenure as the Chairman of the Audit Committee in UCrest, he received warning letters from MIA dated 12 August 2015 and 7 June 2017. The matter arose from a review by the Financial Statements Review Committee of the MIA ("**MIA Committee**") of UCrest's financial statements and this led to the issuance of the aforementioned warning letters, details as follows:

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

Date of letter	Details	Status
12 August 2015	The warning letter was issued after the MIA Committee reviewed UCrest's audited financial statements for the financial year ended 31 December 2013 which contained substantial number of non-compliances (due to quality of the accounting, presentation and disclosure) with the requirements of Malaysian Financial Reporting Standards (i.e. impairment on intangible assets).	The MIA Committee requested Thong Kooi Pin (then Chairman of the Audit Committee of UCrest) to take the necessary steps to rectify the reporting discrepancies or deficiencies and ensure that the quality of the financial statements will be enhanced in the subsequent years. The MIA Committee stated in its letter that it may continue to monitor the audited financial statements of UCrest for up to 2 consecutive years. The MIA Committee highlighted that it reserves the right to lodge a formal complaint with the Investigation Committee of the MIA against the Chairman of the Audit Committee should the non-compliance persist in subsequent reporting of the company. To the best knowledge of Thong Kooi Pin during his tenure as Chairman of Audit Committee, he was not served with any notice from the Investigation Committee of the MIA for any investigation on his personal capacity.
7 June 2017	The warning letter was issued after the MIA Committee reviewed UCrest's audited financial statements for the financial year ended 31 May 2016 which still contained substantial number of non-compliances (due to quality of the accounting, presentation and disclosure) with the requirements of Malaysian Financial Reporting Standards (i.e. waiver of debts, revenue segmentation and disclosure on major customers).	The MIA Committee requested Thong Kooi Pin (then Chairman of the Audit Committee of UCrest) to take the necessary steps to rectify the reporting discrepancies or deficiencies and ensure that the quality of the financial statements will be enhanced in the subsequent years. The MIA Committee stated in its letter that it may continue to monitor the audited financial statements of UCrest for up to 2 consecutive years. The MIA Committee highlighted that it reserves the right to lodge a formal complaint with the Investigation Committee of the MIA against the Chairman of the Audit Committee should the non-compliance persist in subsequent reporting of the company.

Date of letter	Details	Status
		To the best knowledge of Thong Kooi Pin during his tenure as Chairman of Audit Committee, he was not served with any notice from the Investigation Committee of the MIA for any investigation on his personal capacity.

Subsequent to the letter dated 7 June 2017, MIA had again selected and reviewed the audited financial statements of UCrest for the financial year ended 31 May 2018 and did not raise any further non-compliance on the financial statements of UCrest and there was no further warning letter being issued to the Chairman of the Audit Committee until his resignation on 26 August 2022 as the Chairman of the Audit Committee.

After the assessment, our Board (save for Thong Kooi Pin) and our Sponsor are of the view that the above matters will not cast doubt on Thong Kooi Pin's integrity and/or detriment to his suitability as the Independent Non-Executive Director of our Company after taking into consideration of the following:

- Thong Kooi Pin (as the then Audit Committee Chairman of UCrest) was stand guided by the then auditors of the company (i.e. STYL Associates for the financial year ended 31 December 2013; Morison Anuarul Azizan Chew for the financial year ended 31 May 2016) in respect of the accounting standards to be used in the financial statements of UCrest and all required disclosure to be made in the relevant audited financial statements for those financial years. Thong Kooi Pin had acknowledged the above issues and had taken all steps to address the queries raised by MIA as well as communicated and recommended to the board of directors of UCrest and its auditors on issues raised by MIA to be fully complied with and to adopt all recommendations as proposed by MIA through the aforementioned warning letters; and

- relevant searches were conducted and enquiry were made with MIA where MIA confirms the following:

  (i) that Thong Kooi Pin is still an active member of MIA and he was admitted as a Chartered Accountant of the MIA on 19 January 2000 after successfully meeting the requirements of the Accountants Act 1967 based on MIA's letter of confirmation dated 29 August 2023; and

  (ii) that upon checking with MIA's Surveillance & Enforcement Department, Thong Kooi Pin is not currently under any disciplinary sanctions or investigation and there is also no case involving him for the past 10 years based on MIA confirmation email dated 10 October 2023 as well as there is no formal complaint lodged against Thong Kooi Pin with the Investigation Committee of MIA for the warning letters issued by the MIA Committee as confirmed by MIA vide its letter dated 6 February 2024.

5.6 FAMILY RELATIONSHIPS OR ASSOCIATIONS

Save as disclosed below, there are no family relationships or associations between any of our Promoters, substantial shareholders, Directors and/or key senior management as at the LPD:

(i) Wong Hing Ngiap and Wong Hin Loong are siblings;

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

(ii) Choo Wai Yeen is the spouse of Wong Hing Ngiap and sister-in-law of Wong Hin Loong as well as Woi Chee Keong;

(iii) Wong Cheng Jian is the son of Wong Hin Loong and nephew of Wong Hing Ngiap; and

(iv) Woi Chee Keong is the brother-in-law of Choo Wai Yeen.

5.7 SERVICE CONTRACTS

As at the LPD, none of our Directors and/or key senior management has any existing or proposed service contracts with our Group.

5.8 EMPLOYEES

As at the LPD, our Group has a total workforce of 87 employees, of whom 70 are local employees (comprising 61 full-time employees and 9 contract employees) and 17 are foreign employees.

A breakdown of our Group's employees by department for the FYEs Under Review and as at the LPD is as follows:

For FYE 2021

Department	No. of employees as at 31 March		
	Local Malaysia	Foreigner	Total Employees
Executive Directors and Management	3	-	3
Finance and Admin	6	-	6
Human Resources and Halal Management	5	-	5
Warehouse	4	1	5
Operations, QA/QC and HSE	17	6	23
Business Development and Marketing	4	-	4
Supply Chain	-	-	-
Procurement	-	-	-
Logistics	24	-	24
Total	**63**	**7**	**70**

For FYE 2022

Department	No. of employees as at 31 March		
	Local Malaysia	Foreigner	Total Employees
Executive Directors and Management	4	-	4
Finance and Admin	5	-	5
Human Resources and Halal Management	5	-	5
Warehouse	5	1	6
Operations, QA/QC and HSE	17	6	23
Business Development and Marketing	3	-	3
Supply Chain	-	-	-
Procurement	-	-	-
Logistics	28	-	28
Total	**67**	**7**	**74**

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

For FYE 2023

Department	No. of employees as at 31 March		
	Local Malaysia	Foreigner	Total Employees
Executive Directors and Management	5	-	5
Finance and Admin	5	-	5
Human Resources and Halal Management	6	-	6
Warehouse	5	1	6
Operations, QA/QC and HSE	17	6	23
Business Development and Marketing	3	-	3
Supply Chain	-	-	-
Procurement	-	-	-
Logistics	27	-	27
Total	**68**	**7**	**75**

For FYE 2024

Department	No. of employees as at 31 March		
	Local Malaysia	Foreigner	Total Employees
Executive Directors and Management	5	-	5
Finance and Admin	5	-	5
Human Resources and Halal Management	6	-	6
Warehouse	4	2	6
Operations, QA/QC and HSE	14	14	28
Business Development and Marketing	3	-	3
Supply Chain	1	-	1
Procurement	1	-	1
Logistics	33	-	33
Total	**72**	**16**	**88**

As at the LPD

Department	No. of employees as at LPD		
	Local Malaysia	Foreigner	Total Employees
Executive Directors and Management	5	-	5
Finance and Admin	5	-	5
Human Resources and Halal Management	5	-	5
Warehouse	5	3	8
Operations, QA/QC and HSE	16	14	30
Business Development and Marketing	2	-	2
Supply Chain	1	-	1
Procurement	1	-	1
Logistics	30	-	30
Total	**70**	**17**	**87**

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

A breakdown of our Group's employees by company for the FYEs Under Review and as at the LPD is as follows:

	No. of employees as at				
	31 March				
Company	**2021**	**2022**	**2023**	**2024**	**LPD**
SCEO	63	68	68	79	79
SCSM	7	6	7	9	8
Total	**70**	**74**	**75**	**88**	**87**

As at LPD, all foreign workers employed by our Group carry valid working permits or entry passes which are valid for a period of 11 to 12 months from the date of issue, which are renewable periodically. Please refer to Section 7.20.1(vii) for further details.

None of our employees belong to any trade unions or have any labour relationship with any union, and as at LPD, there have been no labour disputes between our management and our employees.

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6. INFORMATION ON OUR GROUP

6.1 INFORMATION ON OUR GROUP

6.1.1 Our Company

Our Company was incorporated in Malaysia on 23 June 2023 under the Act as a private company limited by shares under the name of Sik Cheong Sdn Bhd. On 20 December 2023, our Company was converted into a public limited company and assumed our present name. Our Company is an investment holding company and was incorporated to facilitate our Listing.

Through our Subsidiaries, our Group's principal business activities include:

(i) investment holding;

(ii) repackaging, marketing and distribution of edible oil and other food products; and

(iii) distribution of lamp oil and other trading products.

There have been no material changes in the manner in which we conduct our business or activities since the incorporation of our Company up to the LPD.

6.1.2 Details of Acquisitions

In conjunction with our Listing, our Company has entered into the following conditional share sale agreements with the following vendors in respect of the Acquisitions on 6 December 2023:

(i) Acquisition of SCEO

On 6 December 2023, our Company entered into a share sale agreement to acquire the entire issued share capital of SCEO of RM400,000 comprising 400,000 ordinary shares for a purchase consideration of RM19,449,982.08. The purchase consideration was fully satisfied by the issuance of 194,889,600 new Shares at an issue price of RM0.0998 per Share. Details of the vendors of SCEO and the number of Shares issued to them under the Acquisition of SCEO are as follows:

Vendors of SCEO	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of Sik Cheong Shares issued
Wong Hing Ngiap	200,000	50.00	9,724,991.04	97,444,800
Wong Hin Loong	200,000	50.00	9,724,991.04	97,444,800
Total	**400,000**	**100.00**	**19,449,982.08**	**194,889,600**

The Acquisition of SCEO was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 9 May 2024. The Acquisition of SCEO was subsequently completed on 20 May 2024. Thereafter, SCEO became our wholly-owned subsidiary. The total purchase consideration of RM19,449,982.08 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of SCEO as at 31 March 2023 of RM19,449,643.

The new Shares issued under the Acquisition of SCEO rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

(ii) Acquisition of SCSM

On 6 December 2023, our Company entered into a share sale agreement to acquire the entire issued share capital of SCSM of RM20,000 comprising 20,000 ordinary shares for a purchase consideration of RM510,007.94. The purchase consideration was fully satisfied by the issuance of 5,110,300 new Shares at an issue price of RM0.0998 per Share. Details of the vendors of SCSM and the number of Shares issued to them under the Acquisition of SCSM are as follows:

Vendors of SCSM	No. of shares acquired	% of share capital	Purchase consideration (RM)	No. of Sik Cheong Shares issued
Wong Hing Ngiap	2,000	10.00	51,000.79	(1)515,150
Wong Hin Loong	2,000	10.00	51,000.79	(2)515,150
Choo Wai Yeen	8,000	40.00	204,003.18	(1)2,040,000
Wong Cheng Jian	8,000	40.00	204,003.18	(2)2,040,000
Total	**20,000**	**100.00**	**510,007.94**	**5,110,300**

Notes:

(1) Choo Wai Yeen has nominated her spouse, Wong Hing Ngiap to receive the 4,120 new Shares as part of the consideration for the Acquisition of SCSM.

(2) Wong Cheng Jian has nominated his father, Wong Hin Loong to receive the 4,120 new Shares as part of the consideration for the Acquisition of SCSM.

The Acquisition of SCSM was conditional upon the approval of Bursa Securities being obtained for the Listing, which was obtained on 9 May 2024. The Acquisition of SCSM was subsequently completed on 20 May 2024. Thereafter, SCSM became our wholly-owned subsidiary. The total purchase consideration of RM510,007.94 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of SCSM as at 31 March 2023 of RM509,306.

The new Shares issued under the Acquisition of SCSM rank equally in all respects with our existing Shares including voting rights and will be entitled to all rights and dividends and/or other distributions, the entitlement date of which is subsequent to the date of issuance of the new Shares.

6.1.3 Share capital and changes in share capital

As at the LPD, our issued share capital is RM19,960,090 comprising 200,000,000 Shares.

Details of the changes in our issued share capital since incorporation are as follows:

Date of allotment	No. of Shares allotted	Nature of transaction	Consideration	Cumulative issued share capital (RM)
23 June 2023	100	Subscribers' shares	RM100.00	100.00
20 May 2024	199,999,900	Consideration for the Acquisitions	RM19,959,990.02	19,960,090.02

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

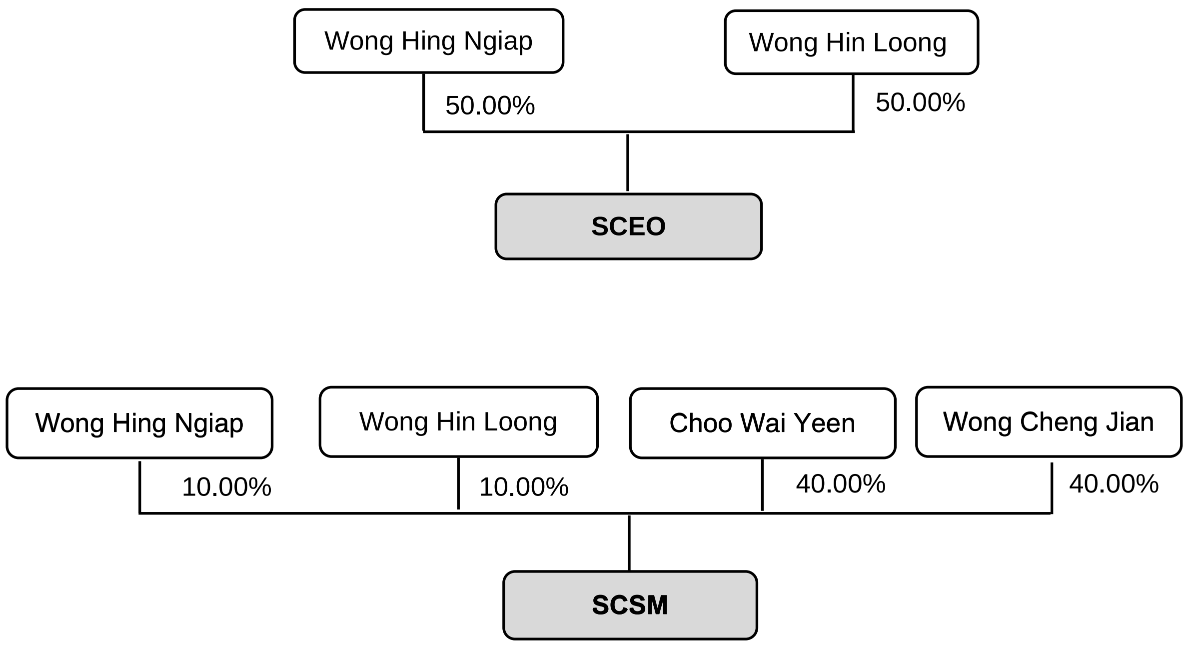
As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our enlarged share capital will increase to RM37,780,090 comprising 266,000,000 Shares.

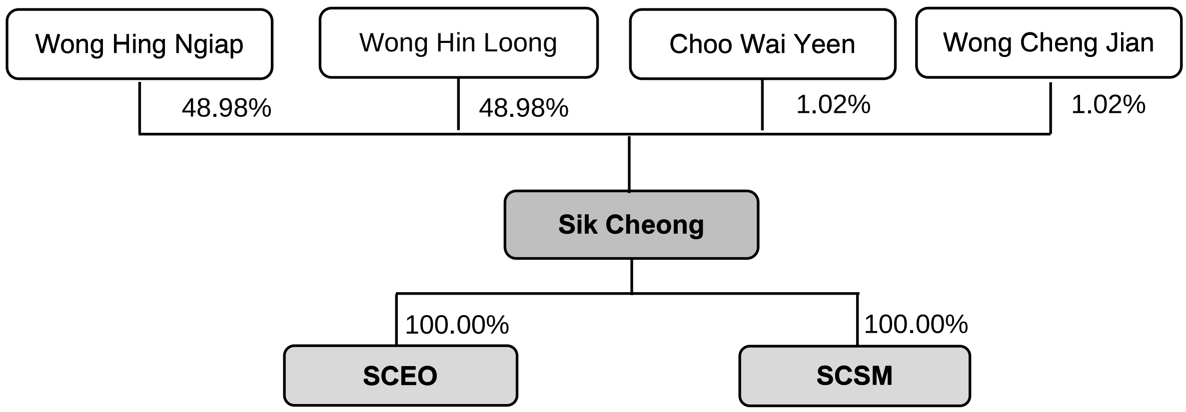
6.1.4 Our Group structure

(i) Our Group's structure before the Acquisitions, after the Acquisitions and as at the LPD, and after our IPO is illustrated below:

Before the Acquisitions

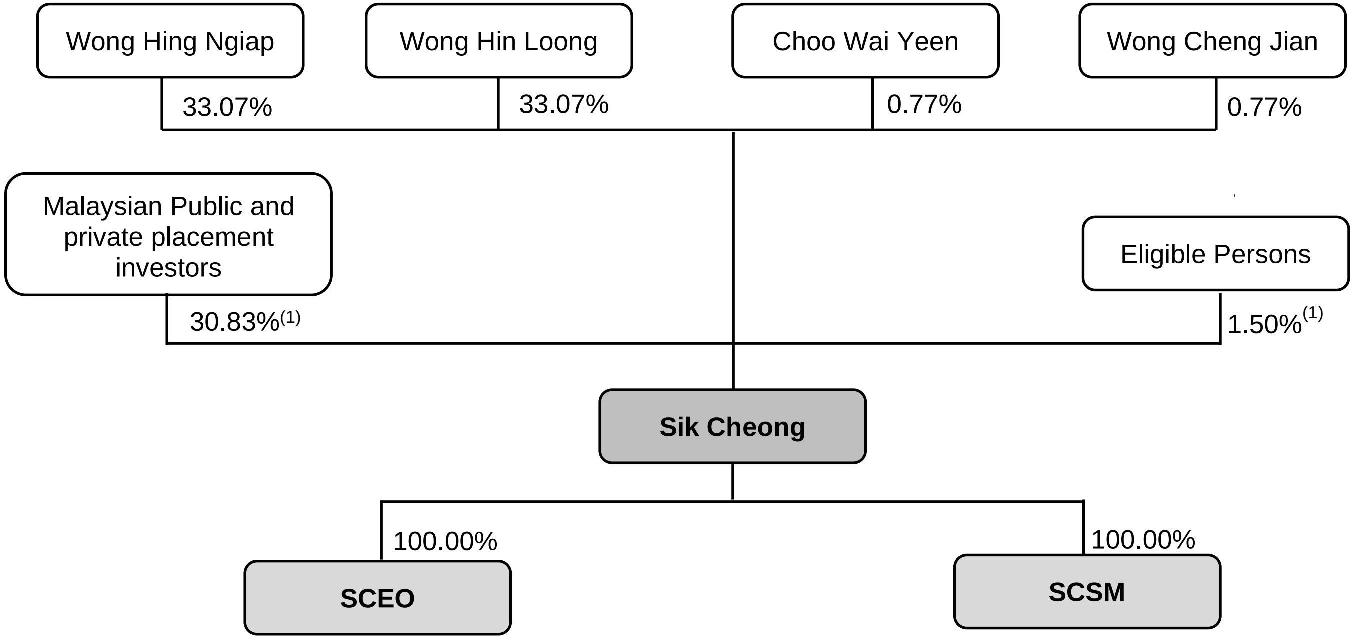


After the Acquisitions but before our IPO



6. INFORMATION ON OUR GROUP (CONT'D)

After our IPO



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

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6. INFORMATION ON OUR GROUP (CONT'D)

(ii) Details of the companies within our Group are set out below:

Companies within our Group	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
SCEO	18 April 1992 Malaysia	Malaysia	400,000	100.00	Repackaging, marketing and distribution of edible oil and other food products
SCSM	8 October 2019 Malaysia	Malaysia	20,000	100.00	Distribution of lamp oil and other trading products

Further details on our Subsidiaries are set out in Section 6.2 of this Prospectus. As at the LPD, we do not have any associate or joint venture companies.

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6.2 INFORMATION ON OUR SUBSIDIARIES

6.2.1 SCEO

(i) Background and history

SCEO was incorporated in Malaysia on 18 April 1992 under the Companies Act 1965 as a private limited company under the name of Sik Cheong Trading Sdn Bhd and is deemed registered under the Act. It assumed its present name on 16 June 2004.

(ii) Share capital

As at the LPD, the issued share capital of SCEO is RM400,000 comprising 400,000 shares.

Details of the changes in the issued share capital of SCEO since incorporation are as follows:

Date of allotment	No. of shares allotted	Nature of transaction	Consideration (RM)	Cumulative issued share capital (RM)
18 April 1992	2	Subscribers' shares	2	2
23 April 1997	99,998	Cash	99,998	100,000
10 September 1997	90,000	Cash	90,000	190,000
28 July 2005	110,000	Cash	110,000	300,000
28 August 2006	100,000	Cash	100,000	400,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, SCEO does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial shareholder and directors

As at the LPD, SCEO is our wholly-owned subsidiary. The directors of SCEO are Wong Hing Ngiap and Wong Hin Loong.

(iv) Subsidiary and associate

As at the LPD, SCEO does not have any subsidiary or associate/joint venture company.

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6.2.2 SCSM

(i) Background and history

SCSM was incorporated in Malaysia on 8 October 2019 under the Act as a private limited company under its present name.

(ii) Share capital

As at the LPD, the issued share capital of SCSM is RM20,000 comprising 20,000 shares.

Details of the changes in the issued share capital of SCSM since incorporation are as follows:

Date of allotment	No. of shares allotted	Nature of transaction	Consideration (RM)	Cumulative issued share capital (RM)
8 October 2019	100	Subscribers' shares	100	100
7 September 2020	19,900	Cash	19,900	20,000

There were no discounts, special terms or installment payment terms given in consideration of the above allotment.

As at the LPD, SCSM does not have any outstanding warrants, options, convertible securities and uncalled capital.

(iii) Substantial shareholder and directors

As at the LPD, SCSM is our wholly-owned subsidiary. The directors of SCSM are Wong Hing Ngiap, Wong Hin Loong, Choo Wai Yeen and Wong Cheng Jian.

(iv) Subsidiary and associate

As at the LPD, SCSM does not have any subsidiary or associate/joint venture company.

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6. INFORMATION ON OUR GROUP (CONT'D)

6.3 LOCATIONS OF OPERATIONS

As at the LPD, our Group operates from the following premises in Selangor:

Company	Operational facilities	Main functions	Location of facilities (Address)
SCEO	Factory No. 11	Management office, packaging, distribution and storage of the RBD palm olein cooking oil supplies and products	No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan
SCSM	Lamp oil labelling line (in a shop lot near to Factory No. 11)	Labelling and storing of the lamp oil	No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor Darul Ehsan

Please refer to Section 7.19 of this Prospectus for further information of our Group's material lands and buildings.

6.4 PUBLIC TAKE-OVERS

During the last financial year and up to the LPD, 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' shares.

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7. BUSINESS OVERVIEW

7.1 OVERVIEW

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

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

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

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

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

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

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

All of our Group’s revenues are generated in Malaysia, with a majority of our products sold and delivered to customers based in Kuala Lumpur and Selangor. For the FYEs Under Review, sales generated from customers based in Kuala Lumpur and Selangor comprised between 95.09% and 97.66% of our Group’s revenues. Our Group’s other customers are based in Negeri Sembilan, Johor, Federal Territory of Putrajaya, Pahang, Perak, Sarawak, Melaka and Terengganu.

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7. BUSINESS OVERVIEW (CONT'D)

In summary, our business model is as illustrated below:

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

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

	FYE 2021		**FYE 2022**		**FYE 2023**		**FYE 2024**	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Repackaging, marketing and distribution of RBD palm olein oil products	42,173	99.06	59,385	99.40	77,858	99.52	79,247	99.58
Trading of third-party products	401	0.94	357	0.60	378	0.48	336	0.42
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

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HISTORY

Our Group's history can be traced back to 1987, when our Executive Director, Wong Hin Loong, ventured into the RBD palm olein oil repackaging, marketing and distribution business through Sik Cheong (the partnership business), a family business. Prior to that, Sik Cheong (the partnership) was registered in 1967 and was involved in the retail and wholesale of sundry goods (including edible oils such as RBD palm olein oil). As our Executive Director, Wong Hin Loong was involved in supply chain management for Sik Cheong (the partnership), he saw the potential in supplying essential food products such as RBD palm olein oil products by venturing upstream into the RBD palm olein oil repackaging, marketing and distribution business. In 1990, our Managing Director, Wong Hing Ngiap joined Sik Cheong (the partnership) and was responsible for managing the repackaging, marketing and distribution of RBD palm olein oil product business, amongst others.

Our historical key milestones are summarised as follows:

Year	Key milestones
1987	• We commenced our operations in repackaging, marketing and distribution of RBD palm olein oil in 1kg polybags through Sik Cheong (the partnership). • Our RBD palm olein oil was marketed and distributed under our in-house brand, "Sawit Emas". • At the time, the packaging process was manual and was carried out at a premises in Kampung Tasek Tambahan, Ampang.
1992	• Wong Hin Loong and Wong Hing Ngiap co-founded Sik Cheong Trading Sdn Bhd (now known as SCEO). Both Wong Hing Ngiap and Wong Hin Loong are the directors of SCEO and each held 50% shareholdings in SCEO. SCEO was dormant at that time.
1997	• SCEO began to carry out the delivery of RBD palm olein oil products that had been repackaged by Sik Cheong (the partnership) to customers.
2001	• We began to market and distribute our RBD palm olein oil products under "Vitamas", an in-house brand.
2004	• SCEO assumed its present name in 2004.
2006	• Sik Cheong (the partnership business) began to gradually transfer its RBD palm olein oil product repackaging, marketing and distribution business to SCEO and ceased its sundry good retail and wholesale business. Sik Cheong (the partnership business) expired and ceased its business in May 2018. • SCEO began to undertake packaging activities from a main packaging facility in Ampang to expand its operations. • We began to automate our packaging operations by acquiring 2 packaging lines for 1kg polybags and one of these packaging lines was later disposed in 2020. • We expanded our packaging types to include jerry can and tin can products by acquiring 1 packaging line for jerry cans and tin cans.

7. BUSINESS OVERVIEW (CONT'D)

Year	Key milestones
2007	• Upon the introduction of the COSS by the Government to stabilise the retail price of all types of cooking oil in 1kg polybags in Malaysia, we applied and obtained the quota to supply subsidised RBD palm olein cooking oil under the COSS. Thereafter, all 1kg polybags were marketed and distributed under the COSS programme (COSS products). • We relocated our operations to Factory No. 11.
2008	• We acquired an additional packaging line for COSS products.
2009	• We received our first Halal certificate issued by the Halal Industry Development Corporation for "Minyak Sawit".
2013	• We acquired 2 additional packaging lines for COSS products.
2014	• We expanded the product packaging types to include bottled products by acquiring 2 packaging lines for bottles.
2015	• We acquired 2 additional packaging lines for COSS products. • We acquired an additional packaging line for bottles. • We obtained our MeSTI certification, an independent certification for quality and safety compliance, for our Group's operation at Factory No. 11.
2016	• We acquired an additional packaging line for bottles. • We obtained Halal certification issued by Jabatan Agama Islam Selangor for "Minyak Sawit" (re-issuance of certification due to change in Halal certification panel).
2019	• We acquired 1 packaging line for jerry cans and tin cans. • SCSM was incorporated to facilitate our venture into the repackaging, marketing and distribution of lamp oil. The directors of SCSM are Wong Hing Ngiap, Wong Hin Loong, Choo Wai Yeen and Wong Cheng Jian. The shareholders of SCSM are Choo Wai Yeen (40% shareholding), Wong Cheng Jian (40% shareholding), Wong Hing Ngiap (10% shareholding) and Wong Hin Loong (10% shareholding). With the setting up of SCSM, we relocated our lamp oil labelling line from Factory No. 11 to a shop lot (near to Factory No. 11) to carry out the labelling and storing of lamp oil products.

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Year	Key milestones
2021	• Following the launch of the MKHMM programme by the Government to control the maximum retail price of palm cooking oil, we obtained quota to repackage, distribute and market RBD palm olein cooking oil under the said programme. • We obtained renewal of the Halal certificate issued by Jabatan Agama Islam Selangor for "Minyak Masak Bertapis".
2022	• We acquired 1 packaging line for jerry cans and tin cans.
2023	• The Factory No. 11 has been successfully transferred to and registered in the name of SCEO. • Sik Cheong was incorporated on 23 June 2023 and was converted to a public limited company on 20 December 2023, to facilitate the Proposed Listing.
2024	• SCEO completed the sale and purchase agreement of Factory No. 11. • We obtained the HACCP (MS 1480: 2019) Food Safety certification, an independent certification for quality and safety compliance. • We obtained the ISO 22000: 2018 Food Safety Management System certification, an independent certification for food safety systems.

7.2 PRINCIPAL ACTIVITIES AND PRODUCTS

Our principal activities are as follows:

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

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

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

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

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

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

Sourcing activities

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

Our Group sources and stores RBD palm olein oil based on customer orders and anticipated demand from observing customer purchasing patterns and past orders. If required, we will source RBD palm olein oil that meets our customers' specifications in terms of the oil's iodine value and slip melting point. Generally, we will place orders with suppliers before the volume of oil reserves in our storage tank falls below 120 MT from the total capacity of 382 MT, to ensure we have sufficient supply to complete existing orders and to anticipate for future demand. We usually buy RBD palm olein oil 5 to 8 times in a month and usually buy more when the prices are relatively lower.

Our Group subscribes to a platform containing commodity price indices in which the CPO market prices are constantly monitored for us to stay updated on market price fluctuations (which correlate with RBD palm olein oil prices). We also gather information from various sources such as information from suppliers, feedback from oil palm plantation owners as well as the Government's policies for our Group. This allows us to effectively negotiate pricing terms which include the price and volume that should be procured at the price offered by our suppliers. These pricing terms are typically set out in 1-month arrangements with suppliers.

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

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

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

- tankers owned / arranged by our suppliers.

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

Repackaging activities

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

(a) 14 packaging lines to package and label products in various packaging sizes and types, comprising:

    - 6 packaging lines for polybags;

    - 3 packaging lines for jerry cans and tin cans;

    - 4 packaging lines for bottles, of which 3 packaging lines are for the repackaging of cooking oil and 1 packaging line is for the repackaging of lamp oil; and

    - 1 packaging line for IBC;

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

- 1kg, 2kg, 3kg and 5kg bottles: suitable for household use and are generally sold to wholesalers and retailers for their onward sale to consumers; and

- 5kg bottles and 17kg jerry cans / tin cans and IBC: suitable for commercial use and are generally sold to wholesalers, retailers, hotel, restaurant and catering operators, and food manufacturers;

(b) an industrial oil sampling analyser to test the RBD palm olein oil to ensure that it meets the PORAM standard certifications and/or customer specifications; and

(c) 5 storage tanks to keep a total capacity of 382 MT of RBD palm olein oil prior to the repackaging process.

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

(a) MeSTI Secure Food Certification Scheme, an independent certification for food quality and safety compliance;

(b) "HALAL" certification, which provides assurance that our Group's RBD palm olein cooking oil is processed in a "HALAL" manner;

(c) HACCP (MS 1480: 2019) Food Safety certification, an independent certification for food quality and safety compliance; and

(d) ISO 22000: 2018 Food Safety Management Systems certification, an independent certification for food safety system compliance.

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

Marketing and distribution of products under its in-house brands

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

Our Group creates awareness of our in-house brands by wrapping our delivery trucks with advertisements, advertising on social media platforms and providing product brochures to customers. Further details are as elaborated in Section 7.12 of this Prospectus.

Logistics and distribution activities

To deliver our products to customers, our Group owns a fleet of 17 delivery trucks as at the LPD. By using these vehicles, we are not dependent on third-party delivery companies for prompt delivery to customers.

This is important as RBD palm olein cooking oil is essential in food preparation and a supply shortage at the customer's end (be it retailers, hotel, restaurant and catering operators, and food manufacturers) may disrupt their operations. However, the shipments of our products to our customer in Sarawak are handled by a third-party forwarding company.

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

(a) Subsidised RBD palm olein cooking oil

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

COSS

Brand	**Sawit Emas** 
Packaging size and type	1kg polybag

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

Under COSS, each polybag of RBD palm olein cooking oil has to be sold to consumers at a fixed retail price of RM2.50. COSS refers to the Government subsidy programme established by KPDN as cooking oil is one of the controlled goods under the Control of Supplies Act 1961 and Control of Supplies Regulations 1974. COSS is a cooking oil subsidy programme that aims to stabilise the retail price of all types of cooking oil in 1kg polybag in Malaysia.

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

The eligibility criteria for the COSS are as follows:

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

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

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

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

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

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

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

- we support the Government's initiative to stabilise retail prices of RBD palm olein cooking oil in polybags; and

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

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

There is no expiry period stated for the quota approved under the COSS programme. Therefore, our Group is able to sell the RBD palm olein oil products under COSS for as long as the COSS programme is implemented by the Government. However, the quota granted to our Group may be cancelled, revoked or reduced by the Government at any time without any reason.

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

MKHMM

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

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

Our Group began repackaging, marketing and distributing RBD palm olein oil in 1kg, 2kg, 3kg and 5kg bottles since 2006 (under Sik Cheong (the partnership business)) before the MKHMM was introduced. Our Group's "Sawit Emas" and "Vitamas" products have been marketed and distributed since 1987 and 2001, respectively.

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

Under this programme, our Group first obtained the approved quota for 403 MT of RBD palm olein cooking oil per month for September 2021. This approved quota was then renewed for the period commencing October 2021 until June 2022. There was no quota for RBD palm olein cooking oil obtained between July 2022 and March 2023 as the programme was not implemented due to the lower RBD palm olein oil prices during this period.

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

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

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

Brand	Sawit Emas	Vitamas
		
Packaging size and type	- 1kg bottle - 2kg bottle - 5kg bottle	- 3kg bottle - 5kg bottle

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

- we support the Government's initiative to stabilise retail prices for the abovementioned packaging sizes and type; and

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

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

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

(b) Non-subsidised RBD palm olein oil products

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

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7. BUSINESS OVERVIEW (CONT'D)

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

RBD palm olein cooking oil

Brand	**Sawit Emas**	**Vitamas**	**Unbranded**
			
Packaging size and type	- 1kg bottle - 2kg bottle - 5kg bottle - 17kg tin can - 17kg jerry can	- 3kg bottle - 5kg bottle - 17kg jerry can	- 900kg IBC

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

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

Products in IBCs are typically sold unbranded to food manufacturers that have obtained the MPOB licence to buy, move and store the processed cooking oil. SCEO has obtained the MPOB licence to sell, buy, transport, store and export the processed palm oil at Factory No. 11 as set out in Section 7.18 of this Prospectus.

RBD palm olein lamp oil

Brand	**Pingat Emas**
	
Format	- 1.8litre bottle - 5litre bottle

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

The revenue generated from the subsidised RBD palm olein oil products and non-subsidised RBD palm olein oil products were 26.90% and 72.68% of the total revenue generated in the FYE 2024, respectively. Further, the percentage of revenue contribution from the sales of subsidised RBD palm olein cooking oil in polybags under COSS were on decreasing trend (i.e. 44.29%, 33.82%, 25.84% and 25.52%) of the total revenue generated from FYE 2021 to FYE 2024. Please refer to Section 12.3 of this Prospectus for further information.

Moving forward, our Group intends to grow our sales contribution from non-subsidised RBD palm olein oil products by expanding into new markets outside of Kuala Lumpur and Selangor. We also intend to expand our product range to include high oleic soybean oil as further set out in Section 7.22 of this Prospectus.

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

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

(ii) Trading of third-party products

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

7.3 PRINCIPAL MARKETS

Our Group's principal market is in Malaysia. Most of our products are sold and delivered to our customers based in Kuala Lumpur and Selangor. Our Group's other customers are based in Negeri Sembilan, Johor, Federal Territory of Putrajaya, Pahang, Perak, Sarawak, Melaka and Terengganu. Our products are sold to retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers in the aforementioned states in Malaysia.

The breakdown of our customers by geographical location within Malaysia are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Selangor	24,997	58.71	31,940	53.46	41,839	53.48	46,455	58.37
Kuala Lumpur	15,487	36.38	25,120	42.05	34,064	43.54	31,268	39.29
Others [(1)]	2,090	4.91	2,682	4.49	2,333	2.98	1,860	2.34
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

Note:

(1) Others include Negeri Sembilan, Johor, Federal Territory of Putrajaya, Pahang, Perak, Sarawak, Melaka and Terengganu.

7. BUSINESS OVERVIEW (CONT'D)

7.4 OPERATIONAL FACILITIES

Operational facilities	Function	Built-up area size of facility	Address	Date of commencement of business activities in this premises
Factory No. 11	Management office, packaging, distribution and storage of the RBD palm olein cooking oil supplies and products	20,483.89 sq. ft.	No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor	1 July 2007
Lamp oil labelling line (in a shop lot near to Factory No. 11)	Labelling and storing of the lamp oil	1,463.90 sq. ft.	No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor	1 December 2019

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7. BUSINESS OVERVIEW (CONT'D)

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

Factory No. 11

Packaging line for jerry cans and tin cans

Packaging line for bottles

Packaging line for polybags

Packaging line for IBCs

7. BUSINESS OVERVIEW (CONT'D)

Storage tanks

Storage area

Loading area

Lamp oil labelling line

7.5 COMPETITIVE STRENGTHS

(i) We have a large customer base and some of our customers have a wide network of end-customers

Our Group has more than 500 customers in each of the FYEs Under Review, mainly retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers. In the FYE 2024, approximately 90.00% of these customers were recurring customers, while the remaining 10.00% were new customers.

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

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

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

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

(ii) We have the ability to cater to different needs and customer segments

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

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

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

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

As our facilities are readily available to cater to various packaging sizes, we stand to benefit when compared to competitors that are involved in less types of packaging sizes, as they may need to invest in new machinery and time for such machinery to eventually operate smoothly to be able to offer new packaging sizes.

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

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

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

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

- we have 5 storage tanks to keep a total capacity of 382 MT of RBD palm olein oil and we maintain 120 MT of oil reserves at any point in time to ensure we have sufficient supply for ongoing operations;

- we source RBD palm olein oil from 4 suppliers, 3 of which have been supplying to our Group for the past 10 years as at the LPD;

- we have a tanker with a loading capacity of approximately 42 MT to transport RBD palm olein oil from suppliers' premises to Factory No. 11 and we may rent tankers from third-party vendors that have been recommended by our Group's suppliers as and when required;

- we have 17 delivery trucks to deliver products to customers' premises. By using these vehicles, we are not dependent on third-party delivery companies to provide prompt delivery to customers, save for the shipments of our products to our customer in Sarawak which are handled by a third-party forwarding company; and

- we have 7 packaging lines (for jerry cans, tin cans and bottles) that are semi-automated and 6 packaging lines (for polybags) that are fully automated, which enables us to speed up the packaging process. Our remaining 1 production line (for IBC) is a manual production line.

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

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

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

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

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

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

Our Group's operation, QC/QA and HSE personnel who handle the packaging of RBD palm olein oil products are required to have a food handling certificate, which they receive after attending a food handling course at a training centre that is certified by the MOH. As at LPD, our Group has 30 operation, QC/QA and HSE personnel that have obtained the relevant certification.

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

Further, we have obtained the MeSTI certification since 2015 for our packaging facilities. This is an assurance that our products and processes adhere to strict guidelines in terms of cleanliness and preparation, and have been certified by the MOH. To maintain the MeSTI certification, we are subject to inspection every 3 years (with the most recent inspection being completed in 2022). As part of our Group's initiatives to certify our Group's food safety systems, we have also obtained the HACCP (MS 1480: 2019) Food Safety certification and ISO 22000: 2018 Food Safety Management System certification for food safety systems at Factory No. 11 in 2024, both of which are valid till 2026. These certifications will provide a good accreditation to our Group's food safety systems at Factory No. 11. All the aforementioned certifications have not been revoked up until the LPD.

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

(v) We have an experienced and committed key management team

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

Currently, Wong Hing Ngiap oversees our Group's strategic direction, business development and overall operations while Wong Hin Loong is responsible for supply chain management. Both of them are supported by Choo Wai Yeen (Chief Operating Officer) and Dee Bee Lian (Chief Financial Officer), who each have more than 25 years of relevant experience in their respective fields.

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

(vi) We have a sustainable business due to palm oil being an essential food ingredient

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

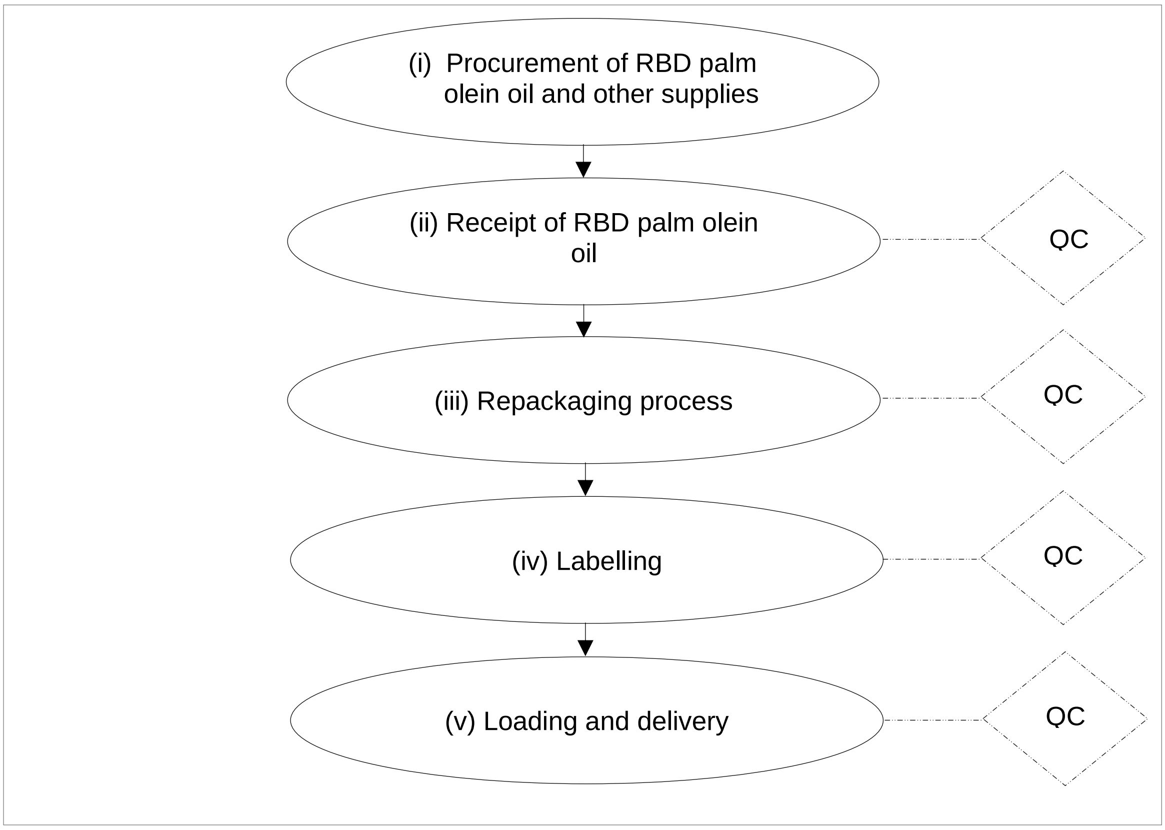
As compared to other types of cooking oils, particularly sunflower oil, rapeseed oil, olive oil and soybean oil, RBD palm olein cooking oil is the lowest priced cooking oil (Source: IMR Report).

It is thus the most cost-effective cooking oil option for households, hotel, restaurant and catering operators, and food manufacturers. This resulted in RBD palm olein cooking oil being one of the most commonly consumed cooking oil.

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

7.6 PROCESS FLOW

Our operational processes are as depicted below:



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

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

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

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

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

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

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

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

Some suppliers require us to make payment prior to taking delivery of RBD palm olein oil while others require us to make payment within a week from the date we receive the RBD palm olein oil. For taking of delivery, we will schedule with our suppliers ahead of collecting the RBD palm olein oil. It takes up to 8 working days for our suppliers to deliver RBD palm olein oil to Factory No. 11.

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

(ii) Receipt of RBD palm olein oil

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

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

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

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

Once the RBD palm olein oil has been tested and accepted, it will be transferred into our Group's storage tanks from the tanker through a piping system. We use different storage tanks for subsidised and non-subsidised RBD palm olein oil.

Our piping system is affixed with a basic filter to prevent sediments from the tanker entering the storage tank.

(iii) Repackaging process

Polybags

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

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

Bottles

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

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

Jerry cans, tin cans and IBCs

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

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

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

(iv) Labelling

Jerry cans and bottles

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

Polybags and tin cans

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

IBCs

We do not label IBCs as they are unbranded.

Lamp oil products

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

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

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

(v) Loading and delivery

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

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

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

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

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

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7.7 QUALITY ASSURANCE AND CONTROL PROCEDURES

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

Process flow stage	QC process
Receipt of RBD palm olein oil	Upon receipt of RBD palm olein oil at our Group's Factory No. 11, our operation, QC/QA and HSE personnel will carry out the following measures: - weigh the tanker using a weighbridge to ascertain that the volume of RBD palm olein oil received is in line with supplier's delivery order; and - perform test on a sample of the RBD palm olein oil using our industrial oil sampling analyser (please see Section 7.8 of this Prospectus for further details).
Repackaging	During the repackaging process, our Group's operation, QC/QA and HSE personnel will conduct the following steps: - monitor the weight of the bottles, jerry cans, tin cans and IBCs before and after being filled to ensure the weight of the filled container is correct; - in respect of polybags, random inspection on the weight of the filled polybags will be conducted every half an hour; and - conduct random inspection on the weight of jerry cans, tin cans and bottles which have been packed into carton boxes to ensure that the weight is correct.
Labelling	Our Group's operation, QC/QA and HSE personnel will conduct a visual inspection to ensure the following standards are met: - the packaging is sealed tight to avoid contamination and oxidisation; - the label adheres securely to the packaging; and - the packaging is correctly labelled and expiry dates are accurate.
Loading and delivery	Prior to loading of the carton boxes into delivery trucks, the carton boxes are kept overnight in the storage area for observation to ensure that there are no leakages as the visual signs of a leakage may only be apparent after the passage of a certain period of time. The quantity and type of products are also inspected to ensure that they meet the delivery order prior to loading of the carton boxes into delivery trucks.

7. BUSINESS OVERVIEW (CONT'D)

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

(i) the nozzle of the sealing machine is cleaned before use and the working temperature of this machine is maintained at an appropriate level to avoid spillage;

(ii) oil filters are examined and cleaned on a monthly basis to ensure sediments in the RBD palm olein oil are kept at low levels;

(iii) calibration is conducted on our packaging lines and storage tanks on an annual basis to ensure they are in good condition and operate efficiently;

(iv) maintenance activities are carried out on our packaging lines prior to operational usage, and equipment is cleaned during non-operational hours on a daily basis;

(v) Factory No. 11 is cleaned and pest control is carried out on a monthly basis to minimise the risk of contamination;

(vi) our Group's tanker and delivery trucks are cleaned on a weekly basis to ensure cleanliness and to reduce the risk of contamination; and

(vii) all workers are required to maintain good personal hygiene and wear appropriate protective clothing and equipment while working in the Factory No. 11 and labelling line.

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

Standard / certificate	Certification body	Year first awarded	Latest year renewed	Expiry date
HALAL Certificate	JAKIM	1 March 2016[(1)]	1 December 2023	30 November 2025
MeSTI Certificate	MOH	28 October 2015	18 February 2022	17 February 2025
HACCP (MS 1480: 2019) Food Safety Certificate	Control Union (Malaysia) Sdn Bhd	1 April 2024	-	31 March 2026
ISO 22000: 2018 Food Safety Management System Certificate	Control Union (Malaysia) Sdn Bhd	1 April 2024	-	31 March 2026

Note:

(1) Kindly refer to note (4) under Section 7.18 of this Prospectus for details of previous certification by different panel bodies.

7.8 TECHNOLOGY USED

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

7.9 RESEARCH AND DEVELOPMENT ACTIVITIES

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

7.10 OPERATING CAPACITIES AND UTILISATION RATES

The maximum operating capacity and utilisation rates of our Group's packaging lines for the FYE 2021 to FYE 2024 are set out below:

	Maximum operating capacity (MT)	Actual output (MT)	Utilisation rate (%)
FYE 2021 (1)			
COSS products (2)	14,109	7,894	55.95
Bottled products	15,043	2,202	14.64
Jerry can and tin can products (3)	10,781	3,042	28.22
IBCs	1,903	160	8.41
Lamp oil	5,052	483	9.56
FYE 2022 (4)			
COSS products	12,895	8,395	65.10
Bottled products	14,993	3,040	20.28
Jerry can and tin can products (3)	10,746	3,114	28.98
IBCs	1,896	120	6.33
Lamp oil	5,036	613	12.17
FYE 2023 (5)			
COSS products	12,497	8,400	67.22
Bottled products	14,531	5,411	37.24
Jerry can and tin can products (6)	15,639	3,436	21.97
IBCs	1,838	239	13.00
Lamp oil	4,880	508	10.41
FYE 2024 (7)			
COSS products	12,191	8,400	68.90
Bottled products	14,289	6,079	42.54
Jerry can and tin can products (6)	16,255	4,386	26.98
IBCs	1,807	392	21.69
Lamp oil	4,761	546	11.47

Notes:

(1) Maximum operational capacity was computed based on the volume of products that can be repackaged daily, based on an 8-hour shift daily and 302 working days in a year (excluding Sundays and public holidays).

(2) Based on 7 COSS packaging lines, where 1 COSS packaging line was disposed in October 2020.

(3) Based on 2 packaging lines for tin can and jerry cans.

(4) Maximum operational capacity was computed based on volume of products that can be repackaged daily, based on an 8-hour shift daily and 301 working days in a year (excluding Sundays and public holidays).

(5) Maximum operational capacity was computed based on volume of products that can be repackaged daily, based on an 8-hour shift daily and 271 working days in a year. Due to changes in Government regulations relating to number of maximum working days in a week on 1 September 2022, the number of working days in a year excluded weekends and public holidays beginning 1 September 2022.

(6) Based on 3 packaging lines for tin can and jerry cans as 1 packaging line was acquired in May 2022.

(7) Maximum operational capacity was computed based on volume of products that can be repackaged daily, based on a 9-hour shift daily and 249 working days in a year. The number of daily working hours have been changed from 8 hours to 9 hours in light of less number of working days in a week as weekends were excluded as working days pursuant to changes in Government regulations.

The utilisation rates for our packaging lines for the COSS, bottled and IBC products have been increasing between FYE 2022 and FYE 2024. Although there were lower number of bottled products sold under MKHMM in FYE 2023 as compared to FYE 2022 (as we did not have any approved quota under MKHMM from July 2022 to March 2023), the volume of bottled products repackaged increased in FYE 2023 as there were higher sales for non-subsidised bottled products sold.

In addition, although the volume of jerry can and tin can products repackaged increased in FYE 2023, the utilisation rate for the packaging lines for jerry can and tin can products was lower in FYE 2023 as compared to FYE 2022 due to the addition of 1 new packaging line in May 2022. Despite the low utilisation rate, the additional packaging line was acquired to increase our operational efficiency so that we can have separate packaging lines for each brand and packaging type (i.e. 1 production line each for Sawit Emas 17kg tin can and 17kg jerry can, and 1 production line for Vitamas 17kg jerry can).

The operational capacity of Factory No. 11 is limited by the volume of products that can be stored at Factory No. 11 during the repackaging process and in the warehouse at Factory No. 11. The utilisation rates of Factory No. 11 for the FYE 2021 to FYE 2024 are set out below:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Total floor area space for repackaging activities (sq ft)	6,500	6,500	6,500	6,500
Average floor area space utilised (sq ft)	4,593	5,094	5,998	6,110
Average utilisation rate	70.66%	78.37%	92.28%	94.00%
Total storage floor area space (sq ft)	9,600	9,600	9,600	9,600
Average floor area space utilised (sq ft)	8,000	7,641	8,997	9,120
Average utilisation rate	83.33%	79.59%	93.72%	95.00%

Taking into consideration the limited space to store our RBD palm olein oil products in Factory No. 11, we usually deliver our products within a short span of time (i.e. less than 2 days from the time the products are repackaged) in order to have sufficient space to cater for increasing orders. However, this will affect our business expansion to other states until we have expanded our fleet of delivery trucks and/or relocated some of our packaging lines to Factory No. 9.

Meanwhile, the maximum operating capacity and utilisation rates of our Group's delivery trucks for the FYEs Under Review are set out below:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Total capacity of delivery trucks (MT) [(1)]	18,638	18,880	21,456	20,300
Volume of products delivered (MT)	13,781	15,282	17,994	19,803
Utilisation rate	73.94%	80.94%	83.86%	97.55%

Note:

(1) Total capacity was computed based on the volume of products that can be transported daily, based on the following assumptions:

(a) a single truck can perform 3 delivery trips to customers based in Kuala Lumpur and Selangor, and 1 delivery trip to customers based in other states in Peninsular Malaysia, within a day; and

(b) the number of days we performed deliveries in FYE 2021, FYE 2022, FYE 2023 and FYE 2024 were 302, 301, 271 and 249 days, respectively.

7.11 TYPES, SOURCES AND AVAILABILITY OF SUPPLIES

The main supplies that we purchase for our business operations are RBD palm olein oil. Our purchases of RBD palm olein oil amounted to RM38.15 million, RM56.37 million, RM68.30 million and RM66.51 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively, and they accounted for 92.49%, 93.81%, 93.34% and 93.10% of our total cost of sales for the respective financial years.

Our supplies of RBD palm olein oil are sourced from local palm oil refineries. We are susceptible to the volatility of RBD palm olein oil product prices, which are dependent on prices of the raw material, i.e. CPO. Prices of RBD palm olein oil, which correlate with price movement of CPO, generally fluctuate in accordance to demand and supply conditions and prices of other edible oils and fats and crude oil.

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Although the average cost per kg for subsidised RBD palm olein oil generally does not fluctuate significantly, the average cost per kg for non-subsidised RBD palm olein oil has been fluctuating during the FYEs Under Review, as seen below:

	Average cost per kg (RM) [(1)]			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Subsidised RBD palm olein oil				
Sawit Emas				
- COSS	2.00	2.03	2.08	2.01
- MKHMM	-	4.06	4.24	3.99
Vitamas	-	3.99	4.22	4.05
Non-subsidised RBD palm olein oil				
Sawit Emas	3.47	5.24	5.13	4.36
Vitamas	3.52	5.30	5.13	4.39
Pingat Emas	3.64	5.39	5.11	4.59
Unbranded (IBC)	3.22	4.97	4.83	4.05

Note:
(1) Average cost per kg was computed based on total costs over total volume (kg) sold for each product during the respective FYE Under Review.

Our Group enters into short term contracts with our suppliers which state the pricing terms for the specified period.

Nevertheless, the volatility of the prices of RBD palm olein oil did not lead to any substantial increase in our cost of sales which had a material adverse impact on our Group's financial performance during the FYEs Under Review.

Meanwhile, we also procure packaging materials which amounted to RM2.72 million, RM3.40 million, RM4.49 million and RM4.65 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively, and they accounted for 6.60%, 5.66%, 6.13% and 6.52% of our total cost of sales for the respective financial years. These packaging materials are also sourced from local packaging material suppliers.

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

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

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RBD palm olein oil	38,151	92.49	56,368	93.81	68,295	93.34	66,510	93.10
Packaging materials	2,721	6.60	3,403	5.66	4,485	6.13	4,654	6.52
Others [(1)]	375	0.91	315	0.52	386	0.53	273	0.38
Total purchases	**41,247**	**100.00**	**60,086**	**100.00**	**73,166**	**100.00**	**71,437**	**100.00**

Note:
(1) Others include third-party products such as margarine.

7.12 SALES CHANNELS AND MARKETING STRATEGIES

Business development

Our Group's sales efforts are carried out by our business development and marketing department. Due to the nature of our Group's business, our Group's business development activities are focused on maintaining existing customers and securing new customers and a large proportion of our sales are based on repeat orders from our existing customers. Meanwhile, our marketing activities are focused on ensuring our product brochure is up-to-date and managing social media platforms and other advertisements.

Once a customer is secured, our business development and marketing personnel are not required to carry out extensive customer service or after-sales support services. As such, they are able to manage our Group's customer base. Our Group also intends to hire 2 new personnel (i.e. 1 Assistant Manager and 1 Senior Sales Executive) for our business development and marketing department to cater for our expansion into other states as set out in Section 7.22 of this Prospectus.

Sales are secured through the following means:

(i) Repeat orders from existing customers

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

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

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

(ii) Referrals from existing customers

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

(iii) Direct approach

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

(iv) Tender bidding

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

(v) Sales agent

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

The authorised dealer agreement specifies the minimum order quantity for a customer, and that the sales agent is not permitted to approach any of our Group's existing customers. Once the sales agent secures an order, they will inform our Group and our Group will be responsible for delivering the order to the new customer. The sales agent will be paid a commission based on the transaction value.

Marketing Strategies

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

(i) Advertisements

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

(ii) Social media

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

(iii) Corporate website

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

(iv) Brochures

Our Group provides brochures on our products to prospective customers.

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

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7.13 MAJOR CUSTOMERS

FYE 2021

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	NSK group of companies (1)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	2,534	5.95	12
2.	Low Seat Hoong group of companies (2)	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	2,067	4.86	12
3.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	1,147	2.69	12
4.	Sri Ternak group of companies (3)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	1,126	2.64	12
5.	De First Food Manufacturing (M) Sdn Bhd	Food manufacturer	17kg tin can	825	1.94	6
Total				**7,699**	**18.08**	

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FYE 2022

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Low Seat Hoong group of companies (2)	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	3,581	5.99	12
2.	NSK group of companies (1)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	3,341	5.59	12
3.	Sri Ternak group of companies (3)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	3,006	5.03	12
4.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	2,060	3.45	12
5.	Yu-Ai Food Industries Sdn Bhd	Food manufacturer	17kg tin can	1,405	2.35	7
Total				**13,393**	**22.41**	

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FYE 2023

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Sri Ternak group of companies (3)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	4,853	6.20	12
2.	Low Seat Hoong group of companies (2)	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	4,769	6.10	12
3.	NSK group of companies (1)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	3,464	4.43	12
4.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	2,948	3.77	12
5.	Ben Mart Trading Sdn Bhd	Wholesaler and retailer	5kg bottle, 17kg tin can	1,940	2.48	8
Total				**17,974**	**22.98**	

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FYE 2024

No.	Customers	Customer type	Type of products / services sold	Total sales (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Sri Ternak group of companies (3)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle, 17kg jerry can	4,662	5.86(4)	12
2.	Low Seat Hoong group of companies (2)	Wholesaler and food manufacturer	17kg tin can, 5kg bottle	4,488	5.64(4)	12
3.	TCRS Restaurants Sdn Bhd	Restaurant	17kg jerry can	2,674	3.36	12
4.	NSK group of companies (1)	Wholesaler and retailer	1kg polybag, 5kg bottle, 2kg bottle, 1kg bottle	2,136	2.68	12
5.	Kitarasa Sdn Bhd	Wholesaler and retailer	5kg bottle	1,799	2.26	1
Total				**15,759**	**19.80**	

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7. BUSINESS OVERVIEW (CONT'D)

Notes:

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

NSK group of companies	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
NSK Trade City Sdn Bhd	690	1.62	1,448	2.43[(4)]	1,225	1.57	611	0.77
NSK Trading Sdn Bhd	479	1.13	504	0.85[(4)]	577	0.74	281	0.35
NSK Trading (KL) Sdn Bhd	395	0.93	432	0.72	575	0.74[(4)]	529	0.66
NSK Trade City (NS2) Sdn Bhd	355	0.83	383	0.64	532	0.68	292	0.37
NSK Trade City (KL) Sdn Bhd	300	0.70	307	0.51	309	0.39	147	0.18
NSK Trade City (Rawang Jaya) Sdn Bhd	174	0.41	114	0.19	151	0.19	78	0.10
NSK Trade City (Selayang) Sdn Bhd	78	0.18	-	-	-	-	-	-
NSK Trade City (BMC) Sdn Bhd	35	0.08	104	0.17	33	0.04	-	-
NSK Trading (Meru) Sdn Bhd	28	0.07	49	0.08	50	0.06	198	0.25
NSK Trading City (Cheras) Sdn Bhd	-	-	-	-	12	0.02	-	-
Total	**2,534**	**5.95**	**3,341**	**5.59**	**3,464**	**4.43**	**2,136**	**2.68**

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

Low Seat Hoong group of companies	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
Low Seat Hoong Sdn Bhd	1,621	3.81	2,744	4.59	4,105	5.25	4,142	5.20
Low Seat Hoon Sesame Oil Food Industry Sdn Bhd	446	1.05	837	1.40	664	0.85	346	0.43
Total	**2,067**	**4.86**	**3,581**	**5.99**	**4,769**	**6.10**	**4,488**	**5.63**

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7. BUSINESS OVERVIEW (CONT'D)

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

Sri Ternak group of companies	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**	**RM'000**	**% of total revenue**
Sri Ternak Food Mart Sdn Bhd	440	1.03	1,606	2.69	1,727	2.21	2,230	2.80
Sri Ternak Mart (SK) Sdn Bhd	370	0.87	1,016	1.70	1,573	2.00[4]	2,001	2.51
ST Rosyam Mart (Shah Alam) Sdn Bhd	9	0.02	172	0.29	1,383	1.77	187	0.23
ST Rosyam Mart Sdn Bhd	307	0.72	212	0.35	170	0.22	244	0.31
Total	**1,126**	**2.64**	**3,006**	**5.03**	**4,853**	**6.20**	**4,662**	**5.85**

(4) Numbers differ due to rounding off adjustments.

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

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

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

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

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

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7.14 MAJOR SUPPLIERS

FYE 2021

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies (1)(2)	Palm oil refinery	RBD palm olein oil	18,341	44.47	11
2.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	14,155	34.32	11
3.	Lee Oilmills Sdn Bhd (2)	Palm oil refinery	RBD palm olein oil	4,129	10.00(3)	11
4.	Wilmar group of companies (2)(4)	Palm oil refinery	RBD palm olein oil	1,694	4.11	3
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	719	1.74	12
Total				**39,038**	**94.64**	

FYE 2022

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies (1)(2)	Palm oil refinery	RBD palm olein oil	23,522	39.15	11
2.	Wilmar group of companies (2)(4)	Palm oil refinery	RBD palm olein oil	15,687	26.11	3
3.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	13,226	22.01	11
4.	Lee Oilmills Sdn Bhd (2)	Palm oil refinery	RBD palm olein oil	4,086	6.80	11
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	897	1.49	12
Total				**57,418**	**95.56**	

7. BUSINESS OVERVIEW (CONT'D)

FYE 2023

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies (1)(2)	Palm oil refinery	RBD palm olein oil	34,562	47.24	11
2.	Wilmar group of companies (2)(4)	Palm oil refinery	RBD palm olein oil	19,182	26.21(3)	3
3.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	13,228	18.08	11
4.	Lee Oilmills Sdn Bhd (2)	Palm oil refinery	RBD palm olein oil	1,543	2.11	11
5.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	1,492	2.04	12
Total				**70,007**	**95.68**	

FYE 2024

No.	Suppliers	Supplier type	Type of supplies	Total purchases (RM'000)	%	Length of business relationship as at the LPD (years)
1.	Mewah group of companies (1)(2)	Palm oil refinery	RBD palm olein oil	31,945	44.72	11
2.	Wilmar group of companies (2)(4)	Palm oil refinery	RBD palm olein oil	20,404	28.56(3)	3
3.	Intercontinental Specialty Fats Sdn Bhd	Palm oil refinery	RBD palm olein oil	13,225	18.51	11
4.	MSP Pet Industries Sdn Bhd	Packaging material supplier	Packaging material	1,559	2.18	12
5.	Lee Oilmills Sdn Bhd (2)	Palm oil refinery	RBD palm olein oil	1,055	1.48	11
Total				**68,188**	**95.45**	

Notes:

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

Mewah group of companies	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
Ngo Chew Hong Oils & Fats (M) Sdn Bhd	18,173	44.06	23,369	38.89	33,943	46.39	31,802	44.52
MOI Foods Malaysia Sdn Bhd	168	0.41	153	0.26	219	0.30	143	0.20
Mewah-Oils Sdn Bhd	-	-	-	-	400	0.55	-	
Total	**18,341**	**44.47**	**23,522**	**39.15**	**34,562**	**47.24**	**31,945**	**44.72**

(2) Has or is related companies to companies that have their own brands of RBD palm olein oil products.

(3) Numbers differ due to rounding off adjustments.

(4) Suppliers that are part of Wilmar group of companies comprised the following:

Wilmar group of companies	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
PGEO Edible Oils Sdn Bhd	1,694	4.11	15,687	26.11	19,182	26.21	13,149	18.41
Wilmar Palm Products Sdn Bhd	-	-	-	-	-	-	7,255	10.16
Total	**1,694**	**4.11**	**15,687**	**26.11**	**19,182**	**26.21**	**20,404**	**28.56**

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

Notwithstanding that the purchases from Mewah group of companies, Wilmar group of companies, Intercontinental Specialty Fats Sdn Bhd and Lee Oilmills Sdn Bhd accounted for more than 10.00% of our Group's total purchases during the FYEs Under Review, the substantial purchases of RBD palm olein oil from them were mainly due to their ready supply of RBD palm olein oil in huge quantities and the pricing terms negotiated with them. Our Group is able to procure non-subsidised RBD palm olein oil from any other suppliers and thus, is not materially dependent on these suppliers for the supply of RBD palm olein oil.

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

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

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

- Intercontinental Specialty Fats Sdn Bhd;
- Lee Oilmills Sdn Bhd;
- NGO Chew Hong Oils & Fats (M) Sdn Bhd; and
- Wilmar group of companies which include PGEO Edible Oils Sdn Bhd and Wilmar Palm Products Sdn Bhd.

The salient terms of the sales contracts are as follows:

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

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

7.15 SEASONALITY

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

7.16 INTERRUPTIONS TO BUSINESS

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

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

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

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

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

7. BUSINESS OVERVIEW (CONT'D)

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

Impact on our financial performance

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

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. As such, the COVID-19 pandemic did not have a significant adverse impact on our financial performance for the FYE 2021 and FYE 2022 and up to the LPD. Our revenue continued to grow from RM42.57 million in the FYE 2021 to RM59.74 million in the FYE 2022, to RM78.24 million in the FYE 2023, and further grew to RM79.58 million in the FYE 2024.

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7.17 INTELLECTUAL PROPERTY

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

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

No.	Trademark	Approving authority	Registered owner / Applicant	Registration No.	Validity Period	Class of Trademark	Status
3.	VITAMAS	Intellectual Property Corporation of Malaysia	SCEO	01008390	Registration date 5 July 2001 Expiry date 5 July 2031 Date of certificate issued 1 October 2005	Class 29: Cooking oil	Registered
4.		Intellectual Property Corporation of Malaysia	SCEO	TM2023005241[1]	Date of application 1 March 2023 Date of appeal 29 August 2023 Date of Legal Status[2] 9 May 2024	Class 29 Cooking oil	As at LPD, the trademark is being published in Intellectual Property Official Journal (Batch 17/2024) on 9 May 2024 for a period of 2 months, prior to registering the same.

No.	Trademark	Approving authority	Registered owner / Applicant	Registration No.	Validity Period	Class of Trademark	Status
5.	Vitamas	Intellectual Property Corporation of Malaysia	SCEO	TM2023035915	Date of application 27 November 2023 Date of Legal Status(2) 16 May 2024	Class 29 Cooking oil	As at LPD, the trademark is being published in Intellectual Property Official Journal (Batch 18/2024) on 16 May 2024 for a period of 2 months, prior to registering the same.
6	Vitamas	Intellectual Property Corporation of Malaysia	SCEO	TM2023035917	Date of application 27 November 2023 Date of Legal Status(2) 16 May 2024	Class 29 Cooking oil	As at LPD, the trademark is being published in Intellectual Property Official Journal (Batch 18/2024) on 16 May 2024 for a period of 2 months, prior to registering the same.

7. BUSINESS OVERVIEW (CONT'D)

Notes:

(1) SCEO submitted an application for the trademark to MyIPO on 1 March 2023. On 15 August 2023, MyIPO rejected the application on the basis that the mark submitted i.e. "SC" has no meaning and it is a generic term. On 29 August 2023, SCEO submitted an appeal application by revising the mark to insert the word "Sik Cheong" below the mark. As at the LPD, the revised logo has passed the search and examination stage, and the appeal is pending approval from MyIPO. Our Board is of the opinion if such revised trademark "Sik Cheong" name is rejected or not be able to be registered, it will not materially affect our Group's ability to conduct its business or operation as our Group is not dependent on the successful registration of the abovementioned trademark.

(2) "Legal status" refers to such mark has passed the search and examination test (being trademark fulfils the requirements for registration under the Trademark Act 2019) and before proceeding to substantive examination.

As at LPD, save for the trademarks which have already been registered as disclosed above, our Group's business or profitability is not dependent on the trademarks that are still under the pending registration or appeal status.

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7.18 MAJOR APPROVALS, LICENSES AND PERMITS OBTAINED

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

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
1.	SCEO	KPDN	Scheduled Controlled Goods Licence (Wholesale) No. Licence: AB10001068 *(Regulation 4(1) of Control of Supplies Regulations 1974)* <u>Purpose</u> To licence SCEO in wholesale activity of cooking oil and to store up to 450 MT cooking oil at the premises <u>Location of premises</u> Factory No. 11	<u>Issue date</u> 29 November 2023 <u>Commencement date</u> 27 January 2024(1) <u>Expiry date</u> 26 January 2026	• The licencee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licencee, more than the quantity stated in the licence for the scheduled goods to which this licence applies.	Complied
					• The licensee is prohibited from engaging in packaging activities for retail, supply or offer to sale other than under packaging size of 500 gram, 1 litre, 1 kilogram, 2 kilogram, 3 kilogram, 5 kilogram and 17 kilogram.	Complied
					• The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.	Noted(2)

7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
2.	SCEO	KPDN	Scheduled Controlled Goods Licence (Retail) No. Licence: AR94476 *(Regulation 4(1) of Control of Supplies Regulations 1974)* <u>Purpose</u> To licence SCEO in retail activity of cooking oil and to store up to 500 MT cooking oil at the premises <u>Location of premises</u> Factory No. 11	<u>Issue date</u> 15 March 2021 <u>Commencement date</u> 10 March 2021 <u>Expiry date</u> 9 March 2026	• The licencee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licencee, more than the quantity stated in the licence for the scheduled goods to which this licence applies. • The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.	Complied Noted[(2)]

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No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
3.	SCEO	Malaysian Palm Oil Board	Malaysian Palm Oil Board Licence Licence No: 509180517000 *(Malaysian Palm Oil Board (Licensing) Regulations 2005)* Purpose To licence SCEO to sell, buy, transport, store and export the processed palm oil at its premises Location of premise Factory No. 11	Issue date 17 July 2023 Commencement date 1 October 2023 Expiry date 30 September 2024[(3)]	None	-

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

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7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
5.	SCEO	MOH	MeSTI Certificate *(Makanan Selamat Tanggungjawab Industri Certificate)* License No: ME1118047-2/1 <u>Purpose</u> To certify SCEO that it has fulfilled terms and condition for certification of MeSTI for Factory No. 11	<u>Issue date</u> 18 February 2022 <u>Commencement date</u> 18 February 2022 <u>Expiry date</u> 17 February 2025	• Any changes to the name or address of the factory or premises, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, MOH for further action. Certification will be automatically void should the factory or premises ceased operation. • The certificate remains the property of the MOH and it may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force.	Complied. Noted. As at LPD, there is no violation of any guidelines, laws or regulations that is currently in force.

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<table>
<tr><th>No.</th><th>Name of licensee</th><th>Approving authority / issuer</th><th>Description of licence / permit / approval</th><th>Validity period</th><th>Major conditions imposed</th><th>Status of compliance</th></tr>
<tr><td>6.</td><td>SCEO</td><td>Department of Islamic Development Malaysia</td><td>Certification of Authentication – HALAL
Serial No: A205568

<u>Purpose</u>
To certify that the processed palm oil manufactured, distributed and managed by SCEO at the premises located at Factory No. 11 has complied with Islamic law and Malaysia Halal Standard and approved by the Halal Certification Panel of Jabatan Agama Islam Selangor</td><td><u>Issue date</u>
1 December 2023

<u>Commencement date</u>
1 December 2023

<u>Expiry date</u>
30 November 2025

<u>1st issue date</u>
1 March 2016(4)</td><td>Any subsequent changes to the name or address of the company, factory or premises, brands, ingredients, suppliers or anything related shall be informed in writing to the Department of Islamic Development of Malaysia (JAKIM) and/or the State Islamic Religious Affairs Council/ State Department of Islamic Religious Affair for further action.</td><td>Complied</td></tr>
<tr><td>7.</td><td>SCEO</td><td>Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya)</td><td>Business and Signage License
No License: L00183117

<u>Location of premise</u>
Factory No. 11

<table><tr><th colspan="2">Licence Detail</th></tr><tr><td>21001</td><td>Oil Factory</td></tr><tr><td>21015</td><td>Signage board</td></tr><tr><td>21001</td><td>Management Office</td></tr><tr><td>21020</td><td>Store</td></tr><tr><td>21015</td><td>Advertisement board</td></tr></table></td><td><u>Issue date</u>
13 October 2023

<u>Commencement date</u>
None stated

<u>Expiry date</u>
31 December 2024</td><td>None</td><td>-</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name of licensee</th><th>Approving authority / issuer</th><th>Description of licence / permit / approval</th><th>Validity period</th><th>Major conditions imposed</th><th>Status of compliance</th></tr>
<tr><td>8.</td><td>SCEO</td><td>Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya</td><td>Business License
No. License: L00753390

<u>Location of premise</u>
Factory No. 9

<table><tr><td colspan="2">Licence Detail</td></tr><tr><td>21001</td><td>Processing Oil</td></tr><tr><td>21001</td><td>Oil Storage</td></tr><tr><td>21001</td><td>Wholesaler & supplier for cooking oil</td></tr><tr><td>21001</td><td>Management office</td></tr></table></td><td><u>Issue date</u>
25 October 2023

<u>Commencement date</u>
None stated

<u>Expiry date</u>
31 December 2024</td><td>None</td><td>-</td></tr>
</table>

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7. BUSINESS OVERVIEW (CONT'D)

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

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

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No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
11.	SCEO	Department of Labour, Ministry of Human Resources Malaysia	Certificate of Accommodation License No.: AC/11004/2023/3808 *(Section 24D(2) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990*) Purpose To certify that the below mentioned premises is in compliance with Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 and to place not more than 12 workers in the said premises. Location of premises No. 2B, Jalan 3/2, Kg. Tasek Tambahan, 68000, Ampang Jaya, Selangor	Issue date 28 December 2023 Commencement date 28 December 2023 Expiry Date 28 December 2026	Not to accommodate more than 12 workers in the said premises	Complied. As at the LPD, there are 5 workers accommodating the said premises.

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No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
12.	SCEO	Department of Labour, Ministry of Human Resources Malaysia	Certificate of Accommodation License No.: AC/11004/2024/1218 *(Section 24D(2) of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990*) Purpose To certify that the below mentioned premises is in compliance with Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 and to place not more than 5 workers in the said premises. Location of premises No. 52-2D (Block A2) Jalan 6/9, Kampung Tasek Tambahan, 68000 Ampang Jaya, Selangor	Issue date 24 June 2024 Commencement date 24 June 2024 Expiry Date 24 June 2027	Not to accommodate more than 5 workers in the said premises	Complied. As at the LPD, SCEO has yet to house any worker in this premises.

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No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
13.	SCEO	Department of Occupational Safety and Health	Certificate of Fitness Licence No: PMA-SL/23/366329 *(Regulations 10(2) of The Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970)* [(6)] To certify that the goods hoist with registration number SL PMA 6455 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967[(6)]	Issue date None sighted. Commencement date 23 August 2023 Expiry date 20 November 2024	None	-
14.	SCEO	Department of Occupational Safety and Health	Certificate of Fitness Licence No: PMT-SL/23/367278 *(Regulations 10(2) of The Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970)* [(6)] To certify that the air/vacuum/ tank with registration number SL PMT 91900 has been inspected and satisfied the requirement under the Factories and Machinery Act 1967[(6)]	Issue date None sighted. Commencement Date 28 August 2023 Expiry Date 27 November 2024	None	-

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No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
15.	SCSM	KPDN	Scheduled Controlled Goods Licence (Wholesale) Licence No: AB10001260 (Regulation 4(1) of Control of Supplies Regulations 1974) <u>Purpose</u> To licence SCSM in wholesale activity of cooking oil and to store up to 5,000 kg cooking oil at the premises <u>Location of premises</u> No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor	<u>Issue date</u> 29 August 2023 <u>Commencement date</u> 21 October 2023 <u>Expiry date</u> 20 October 2025	• The licencee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licencee, more than the quantity stated in the licence for the scheduled goods to which this licence applies. • The licensee is prohibited from engaging in packaging activities for retail, supply or offer to sale other than under packaging size of 500 gram, 1 litre, 1 kilogram, 2 kilogram, 3 kilogram, 5 kilogram and 17 kilogram. • The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.	Complied Complied Noted(2)

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7. BUSINESS OVERVIEW (CONT'D)

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
16.	SCSM	KPDN	Scheduled Controlled Goods Licence (Retail) Licence No: AR10008203 *(Regulation 4(1) of Control of Supplies Regulations 1974)* <u>Purpose</u> To licence SCSM in retail activity of cooking oil and to store up to 1,000 kg cooking oil at the premises <u>Location of premises</u> No. 33G, Jalan 6/10 Kampung Tasek Tambahan 68000 Ampang, Selangor	<u>Issue date</u> 13 April 2020 <u>Commencement date</u> 27 March 2020 <u>Expiry date</u> 26 March 2025	• The licensee shall not have in his possession or under his custody or control and shall not allow anyone to have in his possession or under his custody or control on behalf of the licensee, more than the quantity stated in the licence for the scheduled goods to which this licence applies. • The licensee shall refer and obtain prior approval from KPDN for any price increase in cooking oil.	Complied Complied
17.	SCSM	Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya	<u>Business License</u> No. License: L00683861 <u>Location of premise</u> No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor Licence Detail 21020 — Store 21001 — Labelling and applying sticker on the oil bottle known as "Pelita"	<u>Issue date</u> 13 October 2023 <u>Commencement date</u> None stated <u>Expiry date</u> 31 December 2024	None	-

No.	Name of licensee	Approving authority / issuer	Description of licence / permit / approval	Validity period	Major conditions imposed	Status of compliance
18.	SCEO	Department of Occupational Safety and Health	Approval letters to install machinery under following approval numbers: - Approval No.: SL/23/PTI/100418 - Approval No.: SL/23/PTI/100420 - Approval No.: SL/23/PTI/100442 - Approval No.: SL/23/PTI/100443 Location of premise Factory No. 11	Issue date 14 November 2023 Commencement date Not applicable Expiry date Not applicable	None	-(5)

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Notes:

(1) SCEO has obtained renewed certificate from KPDN dated 29 November 2023 which is effective from 27 January 2024 and expiring on 26 January 2026.

(2) For the FYEs Under Review and up to the LPD, there is no application to KPDN for the increase in the price of the cooking oil because the sales of cooking oil by our Group are in accordance with the price list of controlled goods imposed by KPDN for 1kg polybag cooking oil and Price Control and Anti-Profiteering (Determination of Maximum Price) (No.13) Order 2023 for bottled cooking oil.

(3) The licence is to be renewed not less than 1 month but not earlier than 3 months from the expiry date i.e. commencing 1 July 2024.

(4) SCEO obtained its first Halal certificate on 1 February 2009 which was certified and issued by Halal Industry Development Corporation and later by Jabatan Kemajuan Islam Malaysia. In view of the change in certification body, namely Jabatan Agama Islam Selangor, the date of first issue in the Halal certificate was revised accordingly.

(5) Kindly refer to Section 7.20.1(iv) of this Prospectus for details of non-compliance in relation to our Group's failure to obtain prior approval for installation of machinery at Factory No. 11.

(6) On 2 April 2024, the Factories and Machinery (Repeal) Act 2022 ("**FM Repeal Act**") was gazetted to repeal the Factories and Machinery Act 1967 ("**FMA 1967**") effective on 1 June 2024. Any registration made, or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the previous FMA 1967 shall, on the coming into operation of the FM Repeal Act, be dealt with under the Occupational Safety and Health Act 1994 and its subsidiary legislations, which will be the law of reference for all matters related to safety and welfare of persons at work. The FM Repeal Act has no impact on our Group's existing licences and certificates obtained under the previous FMA 1967 and any renewal thereafter will be dealt in accordance with Occupational Safety and Health Act 1994 and its subsidiary legislations.

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7.19 INFORMATION ON MATERIAL LANDS AND BUILDINGS

7.19.1 Properties owned by our Group

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

No.	Registered owner / Beneficial Owner	Title Details/ Property Address	Description and Existing use	Category of land use / Tenure of Property	Restrictions of Interest/Material Encumbrances	Date of issue of CF or CCC	Land/Gross built-up area	Audited NBV as at 31.3.2024 (RM'000)
1.	<u>Registered owner</u> SCEO	<u>Title details</u> HS(M) 28328, PT 28102, Mukim Empang, Daerah Hulu Langat, Negeri Selangor <u>Property address</u> Factory No. 9	<u>Description of property</u> Single-storey semi-detached factory <u>Existing use</u> To be used for processing facility, to keep and supply edible oil as well as to be used as a management office	<u>Category of land use</u> Commercial / Industrial <u>Express Condition</u> Commercial <u>Tenure</u> Leasehold for 99 years, ending on 28 January 2091	<u>Restriction in interest</u> This land cannot be sold, mortgaged, charged or transferred in whatsoever manner unless upon obtaining the State Authority's consent. <u>Encumbrances</u> None	<u>Date of issue CF</u> 20 October 1992	<u>Land size</u> Approximately 11,250 sq. ft <u>Built-up area</u> Approximately 18,040 sq. ft	1,549

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7. BUSINESS OVERVIEW (CONT'D)

No.	Registered owner / Beneficial Owner	Title Details/ Property Address	Description and Existing use	Category of land use / Tenure of Property	Restrictions of Interest/Material Encumbrances	Date of issue of CF or CCC	Land/Gross built-up area	Audited NBV as at 31.3.2024 (RM'000)
2.	Registered owner SCEO	Title details HS(M) 28329, PT 28103, Mukim Ampang, Daerah Ulu Langat, Negeri Selangor Property address Factory No.11	Description of property 2-storey semi-detached factory with mezzanine floor Existing use Management office, packaging facility, distribution and storage of the RBD palm olein cooking oil supplies and products	Category of land use Industrial Express Condition Commercial Tenure Leasehold for 99 years, ending on 28 January 2091	Restriction in interest This land cannot be sold, mortgaged, charged or transferred in whatsoever manner unless upon obtaining the State Authority's consent. Encumbrances None	Date of issue of principal CF 20 October 1992 Date of issue of subsequent CF / CCC for renovation 19 June 2006 and 30 August 2023	Land size Approximately 18,067 sq. ft Built-up area Approximately 20,483.89 sq. ft	10,882

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No.	Registered owner / Beneficial Owner	Title Details/ Property Address	Description and Existing use	Category of land use / Tenure of Property	Restrictions of Interest/Material Encumbrances	Date of issue of CF or CCC	Land/Gross built-up area	Audited NBV as at 31.3.2024 (RM'000)
3.	Registered owner SCEO	Title details Master land title HS(M) 28389, PT 28163, Mukim Ampang, Daerah Ulu Langat, Negeri Selangor Property address No 52-2D (Block A2) Jalan 6/9, Kampung Tasek Tambahan, 68000 Ampang, Selangor	Description of property One (1) unit of apartment (under parcel number 100, Level 3, Building No A17) Existing use Staff Accommodation	Category of land use Building Express Condition Shop houses Tenure Leasehold for 99 years, ending on 28 January 2091	Restriction in interest This land cannot be sold, mortgaged, charged or transferred in whatsoever manner unless upon obtaining the State Authority's consent. Encumbrances None	Date of issue of principal CF 9 November 2002	Master land size Approximately 1,650 sq. ft Built-up area Approximately 664.994 sq. ft	Not applicable since this premises was transferred to SCEO on 31 May 2024

7.19.2 Properties rented by our Group

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

No.	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Date of issue of CF or CCC	Tenure of tenancy	Rental per month (RM)
1.	Thrive Properties	SCSM	No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor	Description Shophouse Existing Use Labelling and storing of the lamp oil	1,463.90	9 November 2002	1 October 2023 – 30 September 2026 Renewal option For another period of 2 years	2,500
2.	Thrive Properties	SCEO	No. 35-2C, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor	Description Shophouse Existing Use Hostel to house SCEO's workers.(1)	699.66	9 November 2002	1 October 2023 – 30 September 2026 Renewal option For another period of 2 years	700
3.	Wong Hin Loong & Wong Hing Ngiap	SCEO	No. 2B, Jalan 3/2 Kampung Tasek Tambahan, 68000 Ampang, Selangor ("**Unit 2B**")	Description of Property Shophouse Existing Use Hostel to house SCEO's workers(2)	1,320.00	20 October 1992	1 October 2023 – 30 September 2026 Renewal option For another period of 2 years	1,100

No.	Registered owner / Landlord	Tenant	Property address	Description and existing use	Built-up area (approximate) (sq. ft.)	Date of issue of CF or CCC	Tenure of tenancy	Rental per month (RM)
4.	Balamuraly A/L V.Ramachandran	SCEO	No. A2-60-3D, Jalan 6/9 Kampung Tasek Tambahan, 68000 Ampang, Selangor ("**Unit A2-60-3D**")	Description of Property Shophouse Existing Use Hostel to house SCEO's workers[(3)]	1,170.00	9 November 2002	1 October 2023 – 30 September 2025 Renewal option For another period of 2 years	800

Notes:

(1) Certificate of accommodation was issued to SCEO by Department of Labour Peninsular Malaysia under the Ministry of Human Resources Malaysia ("**Department of Labour**") on 24 November 2022, to house 6 foreign workers. The certificate is valid for a period of 3 years from 24 November 2022 to 24 November 2025. As at the LPD, this property houses 6 SCEO's foreign workers.

(2) Certificate of accommodation was issued to SCEO by Department of Labour on 28 December 2023, to house 12 foreign workers. The certificate is valid for a period of 3 years from 28 December 2023 to 28 December 2026. As at the LPD, this property houses 5 SCEO's foreign workers.

(3) Certificate of accommodation was issued to SCEO by Department of Labour on 20 December 2023, to house its 6 foreign workers. The certificate is valid for a period of 3 years from 20 December 2023 to 20 December 2026. As at the LPD, this property house 5 SCEO's foreign workers.

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

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7.20 GOVERNING LAWS AND REGULATIONS

7.20.1 Governing laws and regulations

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

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

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

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

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

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

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

The CSA is an act to provide for the control and rationing of supplies. The Control of Supplies Regulations 1974 ("**CS Regulations**") is a regulation made pursuant to the CSA.

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

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

Section 22 of the CSA provides that:

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

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

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

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

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

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

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

From February 2023 to October 2023 ("**Said Period**"), we housed 4 foreign workers employed under SCEO in Unit 2B without a certificate of accommodation. On 25 April 2023, we applied to the Department of Labour to obtain a certificate of accommodation for Unit 2B. On 30 September 2023, our Group obtained a support letter from the Ampang Jaya Municipal Council (Majlis Perbandaran Ampang Jaya) to support that Unit 2B is approved to be occupied as the property has been categorised with the status of shophouse and zoned under commercial and services. The Department of Labour has issued the certificate of accommodation for Unit 2B on 28 December 2023. As at the LPD, Unit 2B housed 5 foreign workers employed under SCEO.

Before the issuance of the certificate of accommodation for Unit 2B on 28 December 2023, we had on 20 December 2023, we relocated our 4 foreign workers from Unit 2B to Unit A2-60-3D upon our receipt of certificate of accommodation dated 20 December 2023 for Unit A2-60-3D to house our foreign workers employed under SCEO. Please refer to Section 7.19.2 of this Prospectus for details of Unit A2-60-3D.

During the Said Period and up to 20 December 2023, there was no fine, penalty or compound being issued by the relevant authorities to our Group for housing our 4 foreign workers in Unit 2B in the absence of the Certificate of Accommodation.

We are of the view the past non-compliance will not have any material adverse impact on our Group's business and operations and/or financial performance as SCEO has taken the necessary steps and actions to rectify the matters by relocating our 4 foreign workers from Unit 2B to Unit A2-60-3D.

As at the LPD, our Group has obtained certificates of accommodation from Department of Labour for all our accommodations provided to our foreign workers.

(iv) Occupational Safety and Health Act 1994 ("OSHA 1994")

OSHA 1994 and its subsidiary legislations are the laws that regulate all matters relating to safety, health and welfare of all persons at work.

The matter relating to the certificate of fitness for plant is particularly govern under the Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 which came into effect on 1 June 2024 (in place of the repealed FMA 1967).

Section 27C(1) of the OSHA 1994 provides that no person shall install or cause to be installed any prescribed plant (refers to steam boiler, pressure vessel and lifting machinery) which requires certificate of fitness unless the person ensures that the plant has fulfilled all the requirements prescribed by the authority and has obtained the written approval from the Director General of Occupational Safety and Health. A person who contravenes Section 27C(1) of the OSHA 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

Section 27D(1) of the OSHA 1994 further provides no person shall operate or cause or permit to be operated any plant (includes any machinery, equipment, appliance, implement or tool, any component thereof and anything fitted, connected or appurtenant thereto) that has been installed with certificate of fitness unless the plant has a certificate of fitness issued by an officer or a licensed person. A person who contravenes Section 27D(1) of the OSHA 1994 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 1 year or to both.

As at the LPD, we hold 2 valid certificates of fitness issued by DOSH under the previous FMA 1967 for its goods hoisting machine and unfired pressure vessel (air vacuum) which are used by our Group and we have obtained the approval letters dated 14 November 2023 for installation of machinery for 14 packaging lines in our Factory No. 11.

Save for the above, there was no other machinery that required the issue of a certificate of fitness or approval to install our machinery under the previous FMA 1967 or OSHA 1994.

During the FYEs Under Review, our Group did not seek DOSH's approval prior to installing its 14 packaging lines machine in the Factory No. 11. The non-compliance was due to the advice from our suppliers who supplied the packaging lines machine by representing that there is no requirement for approval to be obtained for the installation of such packaging lines machine, save for those specific machines that requires certificate of fitness as prescribed under the previous FMA 1967 (which has been repealed by FM Repeal Act).

On 19 October 2023 and as a matter of prudence, we submitted and applied to DOSH to inspect our 14 packaging lines installed in Factory No. 11 as to whether any approval or certificates of fitness is required for such installation. On 14 November 2023, we were issued with the approval letters to install 14 packaging lines machine under the following approval numbers:

- Approval No.: SL/23/PTI/100418
- Approval No.: SL/23/PTI/100420
- Approval No.: SL/23/PTI/100442
- Approval No.: SL/23/PTI/100443

Further on 29 November 2023, a DOSH officer conducted an inspection on our 14 packaging lines in our Factory No. 11 and has indicated his satisfaction with the installations during his visit.

During the FYEs Under Review and up to the LPD, our Group has not been issued with any fine, penalty, compound or stop order to operate our 14 packaging lines machine installed in our Factory No. 11.

We are of the view the past non-compliance will not have any material adverse impact on our Group's business and operations and/or financial performance as our Group has taken the necessary steps and actions to rectify the matters as evidenced by the issuance of the approval letters from DOSH for the installation of our 14 packaging lines machine installed in our Factory No. 11 as well as the inspection conducted by the DOSH officer at the Factory No. 11.

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

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

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

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

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

(vi) Malaysian Palm Oil Board (Licensing) Regulations 2005 ("MPOB Regulations") under the Malaysian Palm Oil Board Act 1998

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

Any person who contravenes MPOB Regulations commits an offence and shall be liable on conviction to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 3 years or to both.

Further under the MPOB Regulations, it is provided that any person who supplies, sell or export any palm oil product which he knows to be false in particulars or different from what it is, commits an offence and shall be liable on conviction to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

As at LPD, our Group has obtained the MPOB licence under the MPOB Regulations to carry out the activities to sell, move, store, purchase or export processed palm oil at Factory No. 11.

(vii) Immigration Act 1959/63

The Immigration Act 1959/63 is enacted to regulate matters in respect of immigration, including the issuance of visit pass of foreign workers employed by Malaysian employers.

Pursuant to Section 6 of the Immigration Act 1959/63, no person other than citizen shall enter Malaysia unless the person is in possession of a valid entry permit or valid pass lawfully issued to him to enter Malaysia or has been granted an exemption under the Immigration Act 1959/63. The Immigration Act 1959/63 provides that any person who employs one or more persons, other than a citizen or a holder of an entry permit, who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

As at LPD, all foreign workers employed by our Group carry valid working permits or entry passes which are valid for a period of 11 to 12 months from the date of issue, which are renewable periodically.

(viii) Price Control and Anti-Profiteering Act 2011 ("PCAPA") and Price Control and Anti-Profiteering (Determination of Maximum Price) (No.13) Order 2023 ("PCAPO")

The PCAPA was enacted to control the prices of goods and to prohibit profiteering as well as to provide for matters connected therewith or incidental thereto and is controlled through the PCAPO.

Any person, who sells or offers to sell any price-controlled goods (in this case cooking oil) otherwise than in accordance with the prices as determined by the PCAPA, commits an offence.

Under the PCAPA, a body corporation commits any offence and on conviction, shall be liable to a fine not exceeding RM500,000 and, for a second or subsequent offence, to a fine not exceeding RM1,000,000. If such an offence is committed by a person who is not a body corporate, on conviction, shall be liable to a fine not exceeding RM100,000 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 RM250,000 or to imprisonment for a term not exceeding 5 years or to both.

As at LPD, our Group sells all our bottled cooking oil in accordance with PCAPO.

(ix) Food Act 1983 ("FA 1983") and Food Hygiene Regulations 2009 ("FHR")

FA 1983 as supplemented by subsidiary legislation, most pertinent is FHR, is a law enacted to regulate the safety and quality of food in Malaysia and to ensure that food products sold in Malaysia are, amongst other, safe and fit for human consumption. Under Regulation 3(1) of the FHR, it provides that no person shall use any food premises for the purposes of, 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 except the premises is registered under the FHR (or MOH, the supervising regulator authority).

Under Regulation 3(2) of the FHR, any person who fails to comply with such provision 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.

"Food" is defined under FA 1983 to include every article manufactured, sold or represented for use as food or drink for human consumption or which enters into or is used in the composition, preparation, preservation, of any food or drink and includes confectionery, chewing substances and any ingredient of such food, drink, confectionery or chewing substances while "food premises" means 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.

Factory No. 11 is considered as food premises where the activities encompass packaging, storage, conveyance, distribution or served for sale and labelling of the food. As at the LPD, our Group has obtained the Certificate of Registration for Food Premises for Factory No. 11.

Further, under Regulation 9(1) of the FHR, it provides that a proprietor, owner or occupier of food premises shall provide and make available a food safety assurance programme in the food premises. Under Regulation 9(2) of FHR, any proprietor, owner or occupier of food premises who fails to comply with this regulation 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. As at the LPD, our Group has obtained the MeSTI Certificate as required under the FHR, for Factory No. 11.

7.21 ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND MEASURES

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

(i) Environmental

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

- Recycling of packaging

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

- Electricity usage

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

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

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

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

- Proper waste management

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

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

(ii) Social

We recognise that our employees are valuable assets and as such, we strive to retain and nurture their talent and at the same time contributed to the social agenda as follows:

- Maintain a safe and conducive workplace

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

- Diversity and inclusion

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

- Promoting personal development

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

- Participation in Government subsidy programme(s)

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

- Donations

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

(iii) Governance

We are committed to conducting our business ethically and in compliance with all applicable laws and regulations in Malaysia. These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments) and the Companies Act 2016.

We also have established the following policies and guidelines:

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

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

- Whistleblowing policy and guidelines

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

- Code of conduct and ethics in compliance with MCCG

  Maintaining robust corporate governance practices is essential for promoting and upholding integrity and ethical business behavior. Consequently, our Group has adopted a code of ethics that applies to all employees and our Board members. In order to foster a Board that effectively instills these corporate governance practices within our Group, we have formed a Nomination Committee and Remuneration Committee. These committees are composed solely of Non-Executive Directors.

Among its various responsibilities, the committees' key roles include assessing and evaluating the performance of our Board and Key Senior Management.

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

  The procurement management procedure, encompassing supplier evaluation and a quality management system, is a comprehensive approach that ensures we engage with capable and reliable suppliers. This procedure includes a thorough assessment of potential suppliers to verify their ability to meet our quality standards and fulfill our requirements consistently. Additionally, the quality management system is integrated into this process to maintain high standards of procurement.

  It involves regular monitoring and evaluation of both the suppliers and the goods or services they provide, ensuring continuous improvement and adherence to our organizational standards.

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

7.22 BUSINESS STRATEGIES AND FUTURE PLANS

We have identified the following strategies to strengthen our position:

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

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

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

Our Group intends to expand the range of products we repackage, market and distribute to include high oleic soybean oil as we have been receiving enquiries from food manufacturers and hotel operators since the FYE 2023, to procure high oleic soybean oil for use in their premises. This new venture will be able to provide our Group with an additional income stream and to reduce our reliance on RBD palm olein oil products business, which contributed 99.06% to 99.58% to our Group's total revenue during the FYEs Under Review.

According to the IMR Report, soybean oil, including high oleic soybean oil, has a mild and neutral flavour which makes it suitable for most types of cooking method such as frying, stir frying and deep frying. Soybean oil is also a relatively healthier option as compared to RBD palm olein oil in light of its higher nutrient content (in terms of Omega 3 and Omega 6 fatty acids) and lower saturated fat content. Thus, it serves as a good cooking ingredient in restaurant, hotels and catering operations and food manufacturers as well as for consumers, where it meets the demand for a relatively healthier edible oil while still being a relatively cost-effective cooking oil.

Although it is not as widely consumed as RBD palm olein oil in Malaysia, the soybean market has potential to grow. According to the IMR Report, between 2018 and 2023, the soybean oil market in Malaysia grew at a CAGR of 3.7% in terms of sales volume and a CAGR of 2.6% in terms of sales value. The growth in demand for soybean oil is expected to continue to be driven by its relatively lower price as compared to other edible oils, i.e. olive oil, sunflower oil and rapeseed oil, which will render it an affordable option for households, hotel, restaurant and catering operators, and food manufacturers; its availability as it is one of the most produced oil globally and third most produced vegetable oil in Malaysia apart from palm olein oil and palm kernel oil; as well as the growing population and food and beverage industry in Malaysia (Source: IMR Report).

In light of the above, our Group recognises the potential in high oleic soybean oil.

We also choose to expand into high oleic soybean oil after:

- conducting preliminary internal research, which was based on our market observations made through a combination of feedback from our existing customers. These customers are retailers, wholesalers and hotel operators who have been purchasing high oleic soybean oil from other suppliers and could be our Group's potential customers for high oleic soybean oil in the future; and

- preliminary research on companies engaged in repackaging, marketing and distribution of high oleic soybean oil products. The above has allowed us to gain insight on the potential demand as well as price range for high oleic soybean oil products.

To this end, our Group intends to set up a new packaging facility at Factory No. 9. The cost of rebuilding Factory No. 9 and purchase of machinery and equipment for the repackaging of high oleic soybean oil, is expected to amount to RM7.18 million. This will be funded via our Group's IPO proceeds. Further details are as set out in Section 4.8 of this Prospectus.

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

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

Timeline	**Milestones**
23 January 2023	Engaged a consultant to design the new Factory No. 9
14 March 2023	Submitted initial building plans for the new Factory No. 9 to relevant authorities
15 June 2023	Received approval on initial building plans from the authorities
27 October 2023	Submitted revised building plans for the new Factory No. 9 to relevant authorities
27 February 2024	Received approval on the revised building plans from the authorities

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

Timeline	Milestones
Third quarter of 2024	- Engage a main contractor to construct the new Factory No. 9 - Commence construction works for the new Factory No. 9
Fourth quarter of 2025	Complete construction works of the new Factory No. 9
First quarter of 2026	- Obtaining certificate of completion and compliance - Commence setting up of the new machinery and equipment - Complete installation and testing of the new machinery and equipment
Second quarter of 2026	- Commence operations at the new Factory No. 9 - Conduct ISO 22000: 2018 Food Safety Management System and HACCP (MS 1480: 2019) Food Safety certifications process for the new Factory No. 9
Third quarter of 2026	Receive ISO 22000: 2018 Food Safety Management System and HACCP (MS 1480: 2019) Food Safety certifications for the new Factory No. 9

In conjunction with the rebuilding of Factory No. 9, we intend to purchase new machinery and equipment to be installed / used in this new facility. In particular, we intend to purchase 2 packaging lines for high oleic soybean oil, 1 labelling machine, 2 inkjet printing machines for printing batch numbers and expiry dates on the bottles, 1 receiving turn table, 3 storage tanks and other equipment such as forklifts, pallet trucks and a floor scrubber. These machinery and equipment are estimated to cost approximately RM1.53 million, and will be funded via our IPO Proceeds. We intend to use the aforementioned machinery and equipment for the repackaging, labelling and storage of high oleic soybean oil products.

The rebuilding of Factory No. 9 together with the installation and testing of the new machinery and equipment are expected to complete in the first quarter of 2026 and the commencement of operations at the Factory No. 9 is expected to be in the second quarter of 2026.

As the operational processes required to repackage, market and distribute high oleic soybean oil products are almost identical to our current processes of repackaging, marketing and distribution of RBD palm olein oil products which include quality control, quality assurance and control procedures as set out in Sections 7.6 and 7.7 of this Prospectus, we have the relevant experience and know-how to expand into the business of repackage, market and distribute high oleic soybean oil products.

Our Group may source high oleic soybean oil from our existing network of suppliers comprising local refineries that also supply RBD palm olein oil to our Group. Our Group will identify suitable suppliers by evaluating their product quality, production capacity, market reputation, timeliness of delivery and price competitiveness, amongst others.

In addition to the above, we intend to:

- carry out promotional sales activities and product testing to introduce and promote our high oleic soybean oil products to our potential customers. To carry out these promotional activities, we have set aside a budget of RM200,000 over the span of 9 months prior to commencement of this business in the second quarter of 2026. This will be funded via our internally generated funds. Our Group will also adopt the existing sales channels and marketing strategies as set out in Section 7.12 of this Prospectus to market and distribute our high oleic soybean oil products; and

- recruit additional operation, QC/QA and HSE personnel to handle the packaging of high oleic soybean oil products, if needed. As at LPD, our Group has 30 operation, QC/QA and HSE personnel who handle the packaging of RBD palm olein oil products.

  The aforementioned personnel will also handle the packaging of high oleic soybean oil products in view that the operation of our Group's packaging line will be based on the operational schedule after taking into consideration the orders received from the customers. Hence, not all packaging line will be operated concurrently at all time. Our Group will assess our operating capacity for the packaging of RBD palm olein oil products and the packaging of high oleic soybean oil products from time to time and consider to recruit additional operation, QC/QA and HSE personnel should the need arise.

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

For the FYEs Under Review, our Group's sales have been predominately generated from customers based in Kuala Lumpur and Selangor, where 95.09% to 97.66% of our total sales have been generated from Kuala Lumpur and Selangor.

Our Group has also sold and delivered our products to customers based from other states in Malaysia, though in smaller quantities. For the FYEs Under Review, the remaining 2.34% to 4.91% of our Group's total sales were generated from other states in Malaysia.

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

We also choose to expand into other states in Malaysia after conducting preliminary internal research, which was based on enquiries made to existing customers on their demand for our products in these states. This has allowed us to gain insight on the potential demand for our products from these states.

With our products well-received and widely available, we recognise the need for further expansion to other states in Malaysia to continue our growth trajectory. Exploring new geographical markets in other states in Malaysia will allow us to tap into new growth opportunities beyond our current geographical market which are mainly in Kuala Lumpur and Selangor. By expanding our distribution market to other states in Malaysia, we aim to capture a larger customer base for our Group's products.

In order to grow our sales from these states, we intend to achieve the following in 2024 and 2025:

- carry out promotional sales activities to encourage customers in Perak, Negeri Sembilan, Melaka and Pahang to increase their volume of orders. We have set aside a budget of RM200,000 over the span of the next 12 months to carry out these promotional activities. This will be funded via our internally generated funds;

- recruit an Assistant Manager and Senior Sales Executive to focus on expanding customer reach in Perak, Negeri Sembilan, Melaka and Pahang by third quarter of 2024;

- expand our fleet of delivery trucks and recruit 2 additional lorry driver and 2 additional assistant lorry drivers. Our Group has a fleet of 17 trucks to deliver repackaged RBD palm olein oil to our customers. We have allocated RM0.89 million of our IPO Proceeds to acquire 5 new delivery trucks to gradually replace the existing delivery trucks. We intend to acquire the delivery trucks and recruit these personnel within 12 months from receipt of proceeds; and

- reach out to existing customers that have network of stores or operational facilities in Perak, Negeri Sembilan, Melaka and Pahang.

Our Group recognises that new markets, such as the abovementioned states in Malaysia, are untapped potential markets for our Group. As there are no additional operational processes required to grow our sales from the abovementioned states, we have the relevant experience and know-how to expand our geographical reach. Thus, by extending our reach to other states in Malaysia, our Group will be able to extend our reach to new customers, as well as serve our existing customers with operations in the abovementioned states in Malaysia. Should we be successful in expanding into the abovementioned states, our Group may also identify and explore other potential new states or countries to expand into in the future.

7.23 PROSPECTS

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

According to the IMR Report, the RBD palm olein oil repackaging industry in Malaysia is projected to grow at a CAGR of 20.9% between 2024 and 2026. This will be supported by the following demand drivers:

• continuous demand for RBD palm olein oil products and its downstream products from consumers which will be driven by population growth, government subsidy programmes and initiatives as well as lower price and ease of accessibility; and

• growth in demand from hotel, restaurant and catering operators.

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

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

7.24 EXCHANGE CONTROLS/ REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

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

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

As at the LPD, save as disclosed in Section 7.17 for trademarks under No. 1 to 3 and Section 7.18 of this Prospectus, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes.

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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

Date: 1 July 2024

The Board of Directors
SIK CHEONG BERHAD
No. 11, Jalan 6/14
Kampung Tasik Tambahan
68000 Ampang
Selangor Darul Ehsan

Dear Sirs,

Independent Market Research ("IMR") report on the Refined, Bleached and Deodorised ("RBD") Palm Olein Oil Repackaging Industry in Malaysia and Overview of the Soybean Oil Market in Malaysia in conjunction with the Listing of Sik Cheong Berhad (the "Company") on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD ("**PROVIDENCE**") has prepared this IMR report on the RBD Palm Olein Oil Repackaging Industry in Malaysia and Overview of the Soybean Oil Market in Malaysia for inclusion in the Prospectus of Sik Cheong Berhad.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of this industry within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

MELISSA LIM

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 and competitive landscape.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has approximately 15 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

Sik Cheong Berhad and its subsidiaries (collectively referred to as "**Sik Cheong Group**") are principally involved in the repackaging, marketing and distribution of RBD palm olein oil products. As such, this IMR report focuses on ***The RBD Palm Olein Oil Repackaging Industry in Malaysia***. This IMR report also covers an ***Overview of The Soybean Oil Market in Malaysia*** as Sik Cheong Group intends to venture into the repackaging, marketing and distribution of soybean oil in Malaysia.

1 THE RBD PALM OLEIN OIL REPACKAGING INDUSTRY IN MALAYSIA

INTRODUCTION

Palm oil is the most common type of vegetable edible oil consumed in Malaysia. In 2023, the volume of palm oil sold was 188.6 million litres, which translates to 76.7% of the total volume of vegetable edible oils sold in Malaysia.[1]

One of the main reasons it is the most commonly consumed vegetable oil in Malaysia is because it is priced relatively lower than other types of vegetable oil. This is due to its availability in Malaysia as Malaysia is one of the largest producers of palm oil in the world, apart from Indonesia. Malaysia has a planted area of 5.7 million hectares of oil palm plantations in 2023 and these plantations collectively produced approximately 18.6 million metric tonnes ("**MT**") of crude palm oil ("**CPO**") in the year. [2]

Palm oil is typically refined, bleached and deodorised, and is fractionated to produce RBD palm olein and RBD palm stearin oil. RBD palm olein oil refers to the liquid form of palm oil that is used as cooking oil and lamp oil, amongst others. Meanwhile, RBD palm stearin oil refers to the solid fraction of palm oil that is used to produce products such as margarine.

RBD palm olein oil remains stable under high heat as it has a smoke point of approximately 230°C. This indicates that RBD palm olein oil can be heated up to 230°C before it smokes and discolours (which indicates changes in chemical or physical properties and renders it less suitable for continued usage).

As such, RBD palm olein oil is suitable to be used as cooking oil or other types of oil such as lamp oil. As it is used as cooking oil, it is a key ingredient used in the manufacturing and preparation of food and is thus consumed on a daily basis. It is a source of fats and fatty acids and provides energy to the human body.

The industry value chain of the palm oil industry, of which the RBD palm olein oil repackaging industry is a sub-segment, can generally be segmented into:

(a) Upstream

This segment entails the planting, cultivating and harvesting of palm fresh fruit bunches ("**FFB**") from plantations which will be sent to palm oil mills;

(b) Midstream

The midstream segments involve milling and refining palm oil. Palm oil milling involves palm oil mills extracting oil from palm FFB into 2 types of palm oil:

(i) CPO – from the mesocarp of the fruit; and
(ii) palm kernel oil (PKO) – from the kernel of the fruit.

Upon milling, the oil may be sent to local or overseas refineries where it will undergo RBD processes, i.e. deacidification, degumming and bleaching to remove gums, trace metals, pigments, peroxides and other products as well as deodorising by introducing high pressure steam to remove volatile compounds that impact the odour, flavour, colour and stability of the oil.

Thereafter, the oil will undergo fractionation to separate the liquid part (palm olein) from the solid part (palm stearin), forming RBD palm olein oil and RBD palm stearin oil; and

[1] Source: Euromonitor
[2] Source: Malaysia Palm Oil Board ("**MPOB**").

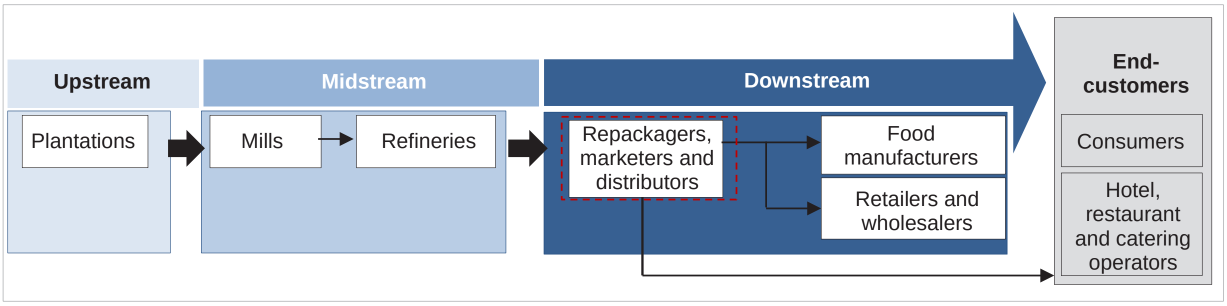
(c) Downstream

The downstream segments involve the repackaging, marketing, sales and/or distribution of RBD palm olein oil as well as manufacturing of other related downstream products such as food and oleochemical products. These finished products may be used by the following customer segments:

- **Repackagers, marketers and distributors** – repackages, markets and/or distributes RBD palm olein oil in bulk for onward sale to manufacturers or retailers. These industry players may or may not have their own brand of products;
- **Food manufacturers** – manufacturing food products (such as ice cream, instant noodle and creamer) as well as oleochemical products (such as soap) using RBD palm olein oil and RBD palm stearin; and
- **Retailers and wholesalers** – fast-moving consumer goods companies and/or grocery retailers and wholesalers. Retailers retail packaged RBD palm olein oil products to consumers and food and beverage ("**F&B**") service providers in their retail outlets. Meanwhile, wholesalers sell packaged RBD palm olein oil products to retailers and manufacturers.

Some refineries may either directly, or through a related company or subsidiary, package a portion of their RBD palm olein oil into smaller packaging sizes. In such cases, the refineries act as both refineries as well as repackagers, marketers and distributors.

Palm oil industry value chain



Note:
Denotes the RBD palm olein oil repackaging industry sub-segment, in which Sik Cheong Group operates

Source: PROVIDENCE

The RBD palm olein repackaging industry comprises industry players that purchase RBD palm olein oil from refineries, and package them into smaller packaging sizes such as polybags, bottles, tin cans, jerry cans and intermediate bulk containers to be distributed to manufacturers, retailers, wholesalers and hotel, restaurant and catering operators. These industry players may or may not have their own brand of products. The RBD palm olein repackaging industry does not include refineries that perform their own packaging activities as the RBD palm olein oil is not repackaged if it is carried out by the same party.

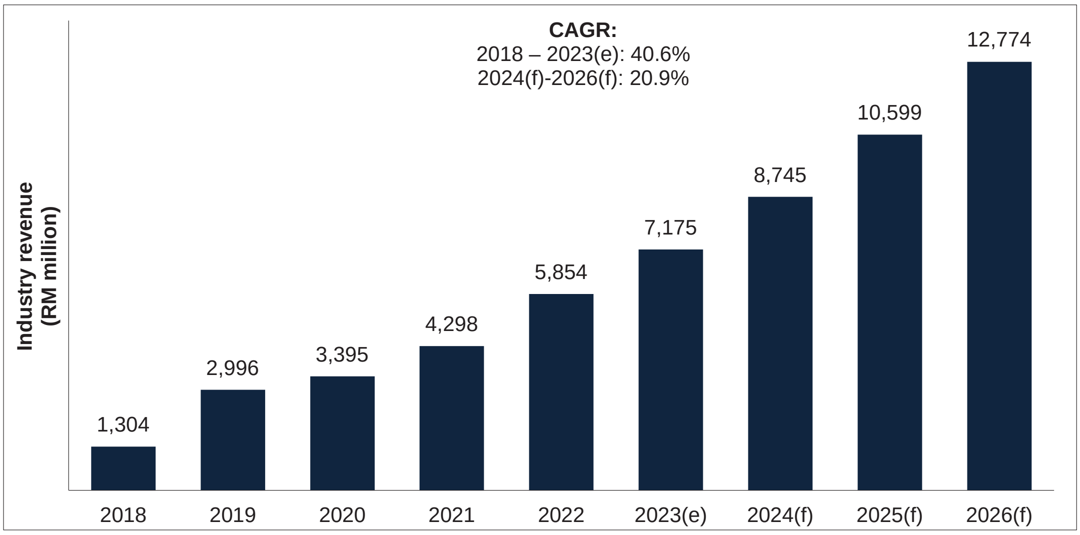
Sik Cheong Group is involved in the downstream segment of the palm oil industry, specifically the RBD palm olein oil repackaging industry, where it is principally involved in the repackaging, marketing and distribution of its own brand of RBD palm olein oil products.

INDUSTRY SIZE, PERFORMANCE AND GROWTH

The RBD palm olein oil repackaging industry in Malaysia can be measured based on the revenues of industry players involved in the repackaging, marketing and/or distribution of RBD palm olein oil products. This may be sold either under their own or third-party brands.

Between 2018 and 2023, the RBD palm olein oil repackaging industry size in Malaysia grew from RM1.3 billion to an estimated RM7.2 billion, registering a compound annual growth rate ("**CAGR**") of 40.6% over the period. Moving forward, the RBD palm olein oil repackaging industry in Malaysia is expected to grow from an estimated RM8.7 billion in 2024 to reach RM12.8 billion in 2026, at a CAGR of 20.9% over the period.[3]

RBD palm olein oil repackaging industry size in Malaysia



Notes:

(i) (e) – Estimate
(ii) (f) – Forecast
(iii) The RBD palm olein oil repackaging industry size may include revenues from business not related to repackaging of RBD palm olein oil products such as repackaging of other types of edible oils, shortening and ghee.

Source: PROVIDENCE

KEY DEMAND DRIVERS

Continuous demand for RBD palm olein oil products and other related downstream products from consumers will drive the growth of the RBD palm olein oil repackaging industry

In 2023, the sales volume of palm oil constituted 76.7% of the total volume of vegetable edible oil sold in Malaysia.[4] In addition, the per capita consumption of palm oil is also higher than other types of vegetable oils. In 2023, the domestic consumption of palm olein oil per capita in Malaysia was 25.7 kilograms ("**kg**") per capita, where else the per capita consumption of other vegetable edible oils such as palm kernel oil was 3.7 kg per capita, soybean oil was 2.1 kg per capita, coconut oil was 1.2 kg per capita and peanut oil was 0.1 kg per capita.[5] This indicates that RBD palm olein oil products are widely consumed by the majority of the Malaysian population.

The demand for RBD palm olein oil products and other related downstream products (such as food products e.g. ice cream, instant noodles and creamer, as well as oleochemicals e.g. soap) amongst consumers is driven by the following factors:

[3] PROVIDENCE's growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends
[4] Source: Euromonitor
[5] Source: Foreign Agriculture Service, United States Department of Agriculture; PROVIDENCE analysis

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(i) Growth in population

The population of Malaysia has been growing, from 32.4 million to 33.7 million between 2018 and 2023.[6] As the population increases, it is expected that the demand for RBD palm olein oil products and other related downstream products will also grow in tandem.

(ii) Government subsidy programmes and initiatives

The Government of Malaysia has implemented a cooking oil subsidy program to ensure the availability and affordability of cooking oil to consumers, as cooking oil is a staple cooking ingredient in Malaysian households.

Since June 2007, the Government of Malaysia subsidised cooking oil in 1 kg polybag packaging at a price of RM2.50 per packet, compared to its actual market price of RM9.00 per kg as at 2022. In June 2022, the Government of Malaysia announced that it will maintain the subsidy with an additional fund allocation of RM4 billion. In April 2023, the Government of Malaysia further announced its initiative to maintain the cooking oil subsidy with a quota of 60,000 MT per month. This government subsidy program is expected to drive demand for RBD palm olein oil products in view that it will help to stabilise the retail price of cooking oil in Malaysia.

Moreover, under Budget 2024, the Government of Malaysia has proposed to allocate a total of RM225 million to cover the distribution costs of essential goods, which includes edible oil, to rural and remote areas, under the Community Drumming Programme.

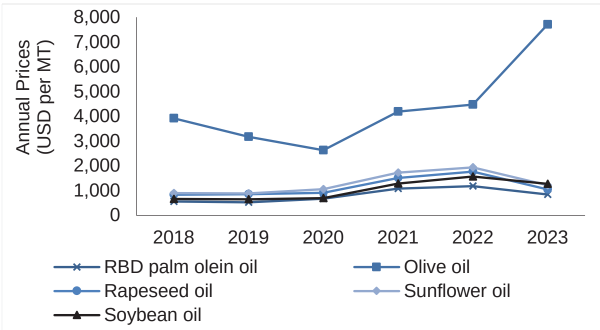
(iii) Lower price and ease of accessibility

Between 2018 and 2023, the average price of RBD palm olein oil was the lowest as compared to other vegetable edible oils such as sunflower oil, rapeseed oil, olive oil and soybean oil. As such, RBD palm olein oil is a more cost-effective option for consumers (especially lower income households) as well as businesses which consume large quantities of oil in their food manufacturing operations.

Further, Malaysia is one of the largest producers of palm oil. The production of CPO in Malaysia increased from 19.5 million MT in 2018 to 19.9 million MT in 2019. Despite the fall in CPO production to 19.1 million MT in 2020 and 18.1 million MT in 2021 due to the impact of the Coronavirus Disease 2019 ("**COVID-19**") and labour shortages, the production of CPO recovered and increased to 18.5 million MT in 2022 and 18.6 million MT in 2023, in light of the lifting of COVID-19 restrictions in the country.[7]

As such, the affordability and accessibility to palm oil will contribute to the growth of the RBD palm olein oil industry in Malaysia.

Global annual average prices of vegetable edible oil



Year	RBD palm olein oil	Sunflower oil	Rapeseed oil	Olive oil	Soybean oil
	USD per MT				
2018	559.9	900.8	829.6	3,911.7	658.6
2019	524.0	883.5	853.7	3,166.3	645.3
2020	666.1	1,056.5	903.1	2,628.3	690.0
2021	1,073.5	1,718.9	1,510.0	4,184.8	1,277.4
2022	1,177.0	1,934.2	1,763.3	4,469.9	1,566.1
2023	838.4	1,218.1	1,039.0	7,709.6	1,272.8
Average	**806.5**	**1,285.3**	**1,149.8**	**4,345.1**	**1,018.4**

Note:

(1) The above edible oils were the only vegetable edible oils tracked by the International Monetary Fund ("**IMF**") and are also substitutes of RBD palm olein oil and soybean oil.

Source: IMF

[6] Source: Department of Statistics Malaysia ("**DOSM**")
[7] Source: MPOB

The growth in demand from hotel, restaurant and catering operators will drive demand for RBD palm olein oil products, which would drive the growth of the RBD palm olein oil repackaging industry

RBD palm olein oil products are essential in food preparation. They can be used in a wide range of cooking methods such as frying, sauteing, baking and dressing. In Malaysia, stir-frying and deep-frying are commonly used in local cuisine. As these methods involve high heat, the use of edible oils with high smoke point such as palm olein oil is typically recommended. As such, apart from consumers, it is also used by hotel, restaurant and catering operators in preparing food for their patrons, guests and customers.

In Malaysia, the performance of the F&B industry has improved over the years, albeit a decline in 2020 and 2021 due to the effects of the COVID-19 pandemic. During the COVID-19 pandemic, many businesses had to reduce operational capacity or stop operations entirely. Overall, the growth of the F&B industry may be depicted by the gross domestic product ("**GDP**") of the F&B industry in Malaysia, which recorded a CAGR of 3.9%. The overall F&B industry increased from RM40.6 billion in 2018 to RM49.2 billion in 2023, despite the temporary dip to RM37.8 billion and RM35.9 billion in 2020 and 2021 respectively.[8] As Malaysia recovers from the COVID-19 pandemic and opened all economic sectors since April 2022, the nation's F&B industry is expected to grow due to the growing demand for food services.

SUPPLY CONDITIONS

The main material used in the RBD palm olein oil repackaging industry is RBD palm olein oil. RBD palm olein oil is generally supplied and refined by refineries. According to MPOB, there were 54 palm oil refineries in Malaysia in 2023. The factors affecting the supply of RBD palm olein oil include its availability and price.

RBD palm olein oil is widely available in Malaysia as Malaysia is one of the largest producers of palm oil in the world, apart from Indonesia. Malaysia has a planted area of 5.7 million hectares of oil palm plantations in 2023 and these plantations collectively produced approximately 18.6 million MT of CPO in the year.[9] Meanwhile, the production of CPO in Malaysia increased from 19.5 million MT in 2018 to 19.9 million MT in 2019. Despite the fall in CPO production to 19.1 million MT in 2020 and 18.1 million MT in 2021 due to the impact of COVID-19 and labour shortages, the production of CPO recovered and increased to 18.6 million MT in 2023 in light of the lifting of COVID-19 restrictions in Malaysia.[10]

Although RBD palm olein oil is widely available in Malaysia, the volume of its supply locally may be affected by weather conditions and any other factors which may lead to disruptions in operational activities such as the COVID-19 pandemic.

In terms of prices, RBD palm olein oil prices generally fluctuate. It correlates with the CPO prices, and the prices of both products are influenced by their demand and supply and prices of other edible oils and fats and crude oil. The annual average RBD palm olein oil, indicated by average export prices of RBD palm olein oil, fell from RM2,328.50 per MT in 2018 to RM2,236.50 per MT in 2019. In 2020, the average prices of RBD palm olein oil recorded RM2,844.00 per MT, before it increased to RM4,764.50 per MT in 2021 and RM5,366.50 per MT in 2022. In 2023, the average prices of RBD palm olein oil decreased to RM4,018.00 per MT.

Likewise, in 2018, the annual average CPO prices in Malaysia recorded RM2,232.50 per MT, before dropping to RM2,079.00 per MT in 2019. The annual average CPO prices recovered to RM2,685.50 per MT in 2020 and further increased to RM4,407.00 per MT in 2021 and RM5,087.50 per MT in 2022.

RBD palm olein oil and CPO prices rose in 2020 largely due to the impact of COVID-19 pandemic which affected the volume of FFB yield and processed, thus resulting in lower CPO and RBD palm olein oil production. The annual production of RBD palm olein oil increased from 10.6 million MT in 2018 to 11.5 million MT in 2019. In 2020, the annual production decreased to 10.1 million MT.

Subsequently in 2021, the annual production of RBD palm olein oil recorded the lowest amongst the 5 years due to the temporary suspension on foreign labour intake as part of COVID-19 containment

[8] Source: DOSM
[9] Source: MPOB
[10] Source: MPOB

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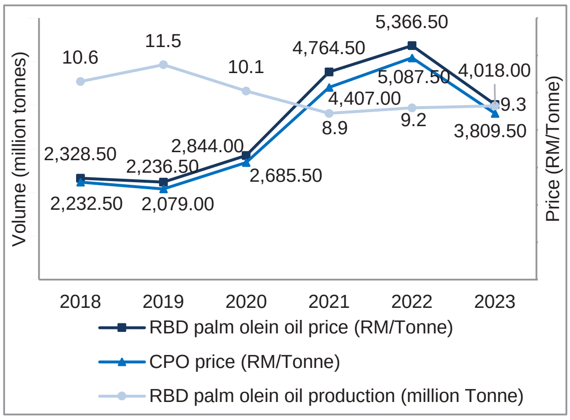
measures. As a result, it has affected the volume of FFB processed and CPO production, which led to an increase in prices of CPO and RBD palm olein oil.

Although the annual production of RBD palm olein oil recovered in 2022, the CPO and RBD palm olein oil prices continued to rose due to weaker Ringgit as against the USD as well as the prolonged Russia-Ukraine war. The Russia-Ukraine war has disrupted the sunflower oil supply chain globally, which caused a surge in demand for palm oil as a replacement for sunflower oil.

However, CPO prices fell from RM5,087.50 per MT in 2022 to RM3,809.50 per MT in 2023.[11] The fall in CPO prices was due to higher production and stock levels of CPO in the year as well as lower demand for vegetable oils from China and competition from other types of vegetable oils which would result in lower demand for CPO. The higher supply of and lower demand for CPO resulted in lower CPO prices in the year.

RBD palm olein price trend analysis



Note:
(1) Latest publicly available information on RBD palm olein oil prices and production is in 2023

Source: MPOB

GOVERNMENT LAWS AND REGULATIONS

The key laws and regulations relating to the RBD palm olein oil repackaging industry are as follows:

- Control of Supplies Act 1961 – was enacted to provide for the control and rationing of supplies;
- Control of Supplies Regulations 1974 – which states that a person shall deal in any scheduled article of manufacture any scheduled article (including cooking oil) in accordance with the licence issued under the regulation, and have separate licence(s) for each place of business; and
- Cooking Oil Stabilisation Scheme - a cooking oil subsidy programme established by Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup or Ministry of Domestic Trade and Cost of Living ("**KPDN**") that aims to stabilise the retail price of cooking oil in Malaysia, as cooking oil is one of the controlled goods under the Control of Supplies Act 1961 and Control of Supplies Regulations 1974.

  The eligibility criteria for application of Cooking Oil Stabilisation Scheme ("**COSS**") are as follows:

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

  According to KPDN, as at December 2023, there were 9 refineries and 319 repackagers nationwide that were granted with the quota in total of 60,000 MT per month to supply subsidised cooking oil in polybag to the market under COSS programme.

- MPOB (Licensing) Regulations 2005 under the MPOB Act 1998 – which states that no person shall sell, move, store, purchase or export palm oil and related products unless he is a holder of an appropriate licence issued under MPOB (Licensing) Regulations 2005, amongst others. Any person that contravenes this regulation shall be liable to a fine not exceeding RM250,000 or imprisonment for a term not exceeding 3 years, or both.

[11] Source: World Bank

PRODUCT/ SERVICE SUBSTITUTION, AND RELIANCE AND VULNERABILITY TO IMPORTS

As cooking oil, RBD palm olein oil products can be substituted with other types of vegetable edible oil such as sunflower oil, corn oil, rapeseed oil, soybean oil and olive oil as well as blended oil (which is a blend of different types of edible oil).

RBD palm olein oil products are readily available from local refineries in Malaysia. Thus, the palm oil industry is not reliant on imports of palm olein oil.

COMPETITIVE OVERVIEW

There are more than 319[12] repackagers of RBD palm olein oil in Malaysia, comprising companies, sole proprietorships and partnerships which may be private companies or public listed companies. As mentioned earlier, there are 319 repackagers nationwide that were granted with the quota to supply subsidised cooking oil in polybag to the market under COSS programme as at December 2023, according to KPDN. These companies, sole proprietorships and partnerships may repackage, market and distribute their own brands of RBD palm olein oil products, or may repackage on behalf of other RBD palm olein oil marketers. Some of the companies may also be related companies to refineries.

As Sik Cheong Group is principally involved in the repackaging, marketing and distribution of its own brand of RBD palm olein oil products, the competitive landscape will be focused on companies involved in the repackaging, marketing and distribution of their own brand of RBD palm olein oil products.

PROVIDENCE has identified 9 industry players, including the Group, on the basis that:

(i) these industry players are involved in repackaging of RBD palm olein oil and distribute their own brand(s) of RBD palm olein oil products;

(ii) these industry players have a revenue of RM10.0 million and above in the latest financial year; and

(iii) these industry players are not involved, and are not related to companies that are involved, in refining of palm oil and are not involved in the repackaging of upstream palm oil products such as crude palm oil, based on publicly available information.

The table below sets out the details of the industry players [(a)(b)]:

Company name	Type of vegetable edible oils marketed and distributed	Brand	Latest audited financial year end ("FYE")	Revenue (RM '000)	Gross profit ("GP") (RM '000)	Profit after tax/Loss after tax ("PAT/LAT") (RM '000)	GP margin (%)[(c)]	PAT margin (%)[(d)]
Bukit Seribu Holdings Sdn Bhd	RBD palm olein oil	Cap Bukit and Cap Bukit Emas	31 December 2022	16,655	1,097	596	6.6	3.6
CI Holdings Berhad (a public listed company)	RBD palm olein oil, sunflower oil, soybean oil, coconut oil, canola oil and corn oil	333 Chilli, Cheri~Mas, Cheri~Mama, Aisha and Shasa	30 June 2023	5,326,012[(e)]	355,916[(f)]	166,514[(f)]	6.7[(f)]	3.1[(f)]

[12] The actual total number of repackagers of RBD palm olein oil in Malaysia cannot be ascertained as some of the companies, sole proprietorships and partnerships may not be publicly searchable.

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Company name	Type of vegetable edible oils marketed and distributed	Brand	Latest audited financial year end ("FYE")	Revenue (RM '000)	Gross profit ("GP") (RM '000)	Profit after tax/Loss after tax ("PAT/LAT") (RM '000)	GP margin (%)[c]	PAT margin (%)[d]
Continental Edible Oil Industries Sdn Bhd	RBD palm olein oil	Cap Hasil, Cap Aloe Vera and Cap Coral	31 December 2023	13,569	1,986	531	14.6	3.9
Ding-Dang Enterprise Sdn Bhd	RBD palm olein oil	Cap Ketupat	30 June 2023	11,656	1,603	199	13.8	1.7
Federation Oil Factory (Johore) Sdn Bhd	RBD palm olein oil, canola oil, coconut oil, sunflower oil and soybean oil	Lazaria	30 April 2023	50,185	5,628	649	11.2	1.3
Gemilang Edible Oil (M) Sdn Bhd	RBD palm olein oil	Gemilang	31 May 2023	45,465	2,534	(1,606)	5.6	-
Golden Palm Oil Industries Sdn Bhd	RBD palm olein oil	Ali Jaya and Fatin	30 November 2022	13,253	1,841	349	13.9	2.6
Sarafiah Natural Resources Sdn Bhd	RBD palm olein oil and sunflower oil	Sarafiah and Fenna	31 December 2023	1,246,052	10,675	1,594	0.9	0.1
Sik Cheong Group	RBD palm olein oil	Sawit Emas and Vitamas	31 March 2024	79,583	12,731	6,329	16.0	8.0

Notes:
(i) [a] Information based on publicly disclosed information as at 1 July 2024.
(ii) [b] This list is not exhaustive. Exempt private companies and companies with revenues below RM10.0 million have been excluded from this list.
(iii) [c] GP margin is computed based on GP divided by revenue.
(iv) [d] PAT margin is computed based on PAT divided by revenue.
(v) [e] Segmental financial information for the group's edible oil business
(vi) [f] Consolidated financial information was used as segmental financial information was not publicly available. As such, financial information may include other types of business activities not related to edible oil

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

In order to set up a new RBD palm olein oil repackaging, marketing and distribution business, there is a need for new entrants to incur capital expenditure for the purchase of the packaging lines, rental or acquisition of the facility, storage tanks, tankers, delivery trucks and other necessary equipment to carry out the packaging process. Further, new entrants will also be required to recruit workers and have sufficient working capital to purchase RBD palm olein oil supplies from refineries. As capital expenditure and working capital are required, the barriers to entry faced by industry players involved in the repackaging, marketing and distribution of RBD palm olein oil products are moderately high. Among the critical success factors for companies involved in the repackaging, marketing and distribution of RBD palm olein oil are having a network of suppliers to have a consistent supply of palm oil, a network of customers to distribute and sell palm oil products to and managing palm oil inventory levels to ensure prompt delivery.

Market Share

Based on Sik Cheong Group's revenue from its RBD palm olein oil repackaging, marketing and distribution business segment of RM59.4 million for the FYE 31 March 2022 and the total RBD palm olein oil repackaging industry size of RM4.3 billion in 2021, Sik Cheong Group garnered an industry revenue share of approximately 1.4% in 2021. Sik Cheong Group's industry revenue share was approximately 1.3% in 2022, with a revenue of RM77.9 million for the FYE 31 March 2023 and a total RBD palm olein oil repackaging industry size of RM5.9 billion in 2022. In 2023, Sik Cheong Group's industry share revenue was approximately 1.1% in 2023, with a revenue of RM79.2 million for the FYE 31 March 2024 and a total RBD palm olein oil repackaging industry size of RM7.2 billion in 2023.

2 OVERVIEW OF THE SOYBEAN OIL MARKET IN MALAYSIA

Soybean oil is a type of vegetable edible oil produced from the seeds of the soybean plant. Once soybeans are harvested, they are cleaned to remove impurities before being cracked into smaller pieces and dehulled to remove the outer seed coat. The dehulled soybeans are then conditioned with heat and moisture to prepare them for oil extraction. The solid residue remaining after the oil extraction process is used to produce soybean meal, which is a staple in the diets of livestock and poultry. The extracted soybean oil will then undergo a refining process, which involves degumming, neutralisation, bleaching and deodorisation to remove impurities and improve the quality of the oil. After refining, the soybean oil is filtered to further remove any remaining particles and before it is packaged for distribution.

Soybean oil, including high oleic soybean oil, has a mild and neutral flavour which makes it suitable for most types of cooking method such as frying, stir frying and deep frying. Soybean oil is also a relatively healthier option as compared to RBD palm olein oil in light of its higher nutrient content (in terms of Omega 3 and Omega 6 fatty acids) and lower saturated fat content.[13] Thus, it serves as a good cooking oil option for restaurant, hotels and catering operations and food manufacturing as well as for consumers, where it meets the demand for a relatively healthier edible oil while still being a relatively cost-effective cooking oil.

The soybean oil market in Malaysia, as depicted by the sales volume of soybean oil sold locally, grew at a CAGR of 3.7% from 1.0 million litres in 2018 to 1.2 million litres in 2023.[14] During the same period, the sales value of soybean oil in Malaysia increased from RM13.3 million to RM15.1 million, recording a CAGR of 2.6%.[15] The growth in sales value and sales volume has been in line with growing demand for soybean oil in the country in light of its affordability and availability, as well as the growth of the F&B industry and steady growth in population. Moving forward, PROVIDENCE forecasts that the sales volume of soybean oil sold in Malaysia to grow at a CAGR of 4.7% between 2024 and 2026 to reach 1.4 million litres in 2026, and forecasts the sales value of soybean oil sold in Malaysia to grow at a CAGR of 3.8% between 2024 and 2026 to reach RM16.8 million in 2026.[16]

The growth of the soybean oil market has been, and is expected to be, driven by the following factors:

(a) **affordability of soybean oil** – as compared to other vegetable edible oils such as olive oil, sunflower oil and rapeseed oil, soybean oil is a relatively cheaper option due to its availability as soybean oil is the second most produced vegetable edible oil in the world. Between 2018 and 2023, the average price of soybean oil is USD1,018.40 (RM4,326.63[17]) per MT, while the average prices of sunflower oil, rapeseed oil and olive oil are USD1,285.30 (RM5,460.78[17]) per MT, USD1,149.80 (RM4,884.93[17]) per MT and USD4,345.10 (RM18,460.42[17]) per MT, respectively.[18];

[13] Source: MFA Incorporated
[14] Source: Euromonitor
[15] Source: Euromonitor
[16] PROVIDENCE's growth forecast is based on their proprietary forecasting model that takes into account historical growth performance, demand drivers and restraints, industry risks and challenges as well as industry trends
[17] Exchange rate from USD to RM was converted based on the average of annual exchanges rates from 2018 to 2023 derived from published information from Bank Negara Malaysia at USD1 = RM4.2486
[18] Source: IMF

(b) **availability of soybean oil** – soybean oil is one of most produced vegetable edible oil, alongside RBD palm olein oil. In 2023, the production of soybean oil recorded 62.4 million MT, which accounted for 27.9% of the world vegetable edible oil production output.[19] In Malaysia, soybean oil is the third most produced vegetable oil in the country, after palm olein oil and palm kernel oil in 2023.[20]

(c) **rising population** – the population of Malaysia grew from 32.4 million in 2018 to 33.7 million in 2023.[21] The population growth will contribute to increased consumption of edible oil, including soybean oil, as edible oil is a necessity in every household. In terms of domestic consumption per capita of vegetable oils in Malaysia, soybean ranks the third highest in terms of per capita consumption after palm oil and palm kernel oil. In 2023, the domestic consumption of soybean oil per capita in Malaysia was 2.1 kg per capita, which was third highest after palm oil and palm kernel oil. This is in comparison to other vegetable edible oils such as coconut oil at 1.2 kg per capita and peanut oil at 0.1 kg per capita.[22] This indicates that soybean oil is also widely consumed by the Malaysian population; and

(d) **growth of F&B industry in Malaysia –** between 2018 and 2023, the F&B industry in Malaysia, as depicted by the GDP of F&B industry, grew at a CAGR of 3.9%, from RM40.6 billion to RM49.2 billion.[23] As edible oil is an essential ingredient used in food preparation, the growth of the F&B industry will drive demand for edible oil, including soybean oil.

PROVIDENCE has identified 4 soybean oil repackagers, marketers and distributors based in Malaysia, namely Continental Resources Sdn Bhd, Federation Oil Factory (J) Sdn Bhd, Promac Industries (Johore) Sdn Bhd and Kenchana Edible Oils Sdn Bhd. In order to operate as a soybean oil repackager, marketer and distributor in Malaysia, an industry player would be required to obtain a Scheduled Controlled Goods licence under the Control of Supplies Regulations 1961.

3 PROSPECTS OF SIK CHEONG BERHAD

The RBD palm olein oil repackaging industry in Malaysia grew by 40.6% between 2018 and 2023. Moving forward, the RBD palm olein oil repackaging industry in Malaysia is forecast to grow at a CAGR of 20.9% between 2024 and 2026, in light of the following demand drivers:

- Continuous demand for RBD palm olein oil products and other related downstream products from consumers, which are driven by population growth, government subsidy programmes and initiatives as well as lower price and ease of accessibility; and
- Growth in demand from hotel, restaurant and catering operators.

As a key industry player in the RBD palm olein oil repackaging industry in Malaysia, Sik Cheong Group stands to benefit from the positive outlook of the industry. Sik Cheong Group also stands to benefit from the growing soybean oil market in Malaysia as it intends to venture into the repackaging, marketing and distribution of high oleic soybean oil in the future.

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[19] Source: Foreign Agriculture Service, United States Department of Agriculture
[20] Source: Foreign Agriculture Service, United States Department of Agriculture
[21] Source: DOSM
[22] Source: Foreign Agriculture Service, United States Department of Agriculture; PROVIDENCE analysis
[23] Source: DOSM

9. RISK FACTORS

YOU SHOULD EVALUATE AND CONSIDER CAREFULLY THE FOLLOWING RISKS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE ALONG WITH OTHER MATTERS IN THIS PROSPECTUS BEFORE INVESTING IN OUR SHARES.

9.1 Risks relating to our business and operations

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

We source RBD palm olein oil from 4 suppliers in Malaysia. Accordingly, the availability of RBD palm olein oil required for our business at commercially acceptable prices are critical to our ability to maintain our GP margins and to deliver products promptly and reliably to our customers.

Although we may procure non-subsidised RBD palm olein oil from any other suppliers, we may not be able to obtain the volume of RBD palm olein oil required for our operations in sufficient quantities or at prices commercially acceptable to us. If we are unable to obtain the volume of RBD palm olein oil required for our operations in sufficient quantities or at prices commercially acceptable to us, our business operations and financial performance may be adversely affected.

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

- Intercontinental Specialty Fats Sdn Bhd;
- Lee Oilmills Sdn Bhd;
- NGO Chew Hong Oils & Fats (M) Sdn Bhd; and
- Wilmar group of companies which include PGEO Edible Oils Sdn Bhd and Wilmar Palm Products Sdn Bhd.

These sales contracts will state out the maximum quantity to be supplied, pricing per MT, delivery period and payment terms, amongst others.

Since incorporation up until the LPD, we have not experienced any shortage in RBD palm olein oil or significant rise in RBD palm olein oil price that have impacted our financial performance. Despite this, there can be no assurance that we will continuously be able to secure supply of RBD palm olein oil at commercially acceptable prices or in the volume required for our operations.

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

We have 14 packaging lines to repackage our products in various packaging sizes and types, including polybags, jerry cans, tin cans, bottles and IBCs. This being the case, we depend on the continued operation of our packaging lines. Our packaging lines may be susceptible to unanticipated breakdowns or damages. To minimise such risks, our Group has scheduled regular maintenance for our packaging lines prior to operational usage on a daily basis, and conducts calibration on our packaging lines on an annual basis.

In addition, we are susceptible to circumstances such as accidents, fire outbreaks, floods or natural disasters, which may cause significant losses or damages to our products and/or facilities. To minimise such risks, we ensure that our packaging facility meets all the stipulated safety requirements by relevant local authorities. Further, our operational activities are dependent on the continuous supply of electricity. Any major interruptions in the supply of electricity will negatively impact our operations.

Any prolonged disruptions in our operations may adversely affect our production schedule and timely delivery of our products. As a result, this will cause a negative impact on our market reputation, relationship with our customers and financial performance.

Since incorporation up until the LPD, we have not experienced any prolonged disruptions in our operations that have materially impacted our Group's business operations and financial performance. However, there can be no assurance that this would not occur in the future.

9.1.3 Our business operations and financial performance may be adversely affected should there be a failure in renewing our licences

Our RBD palm olein oil repackaging, marketing and distribution business is subject to the Control of Supplies Regulations 1961 ("**CS Regulations**") and Malaysian Palm Oil Board (Licensing) Regulations 2005 ("**MPOB Regulations**").

The CS Regulations sets out, amongst others, that a licence is required to deal in the activity of wholesale or retail in any scheduled article, including cooking oil. Meanwhile, the MPOB Regulations states that a licence issued under the MPOB Regulations is required in order for a person to sell, move, store, purchase or export palm oil related products, which includes RBD palm olein oil products. As at the LPD, we have obtained the necessary licences to carry out our business operations, which details are set out in Section 7.18 of this Prospectus.

However, our business operations could be disrupted should we fail to renew these permits and licences in a timely manner. Should we continue operating without these licences, we are liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000 under the Control Supply Act 1961. We are also liable to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 3 years or to both under the MPOB Regulations.

Further, if there are changes in the CS Regulations and MPOB Regulations which result in stricter compliance requirements, our business operations may need to incur additional operating costs to put in place the necessary processes to comply with the new standards/ requirements. In the event such additional costs cannot be passed on to our customers, we will have to absorb the additional costs incurred, which in turn, would adversely impact the profitability of our business.

9.1.4 Our financial performance may be impacted should we lose our registration status under COSS or should our allocated quota under COSS be reduced while the COSS is still on-going

As at the LPD, our Group has obtained a quota to supply up to 700 MT of subsidised RBD palm olein cooking oil per month under COSS.

Although there is no expiry period stated for the COSS and we are able to sell the RBD palm olein cooking oil products under COSS for as long as the COSS is implemented, there is no assurance that KPDN, who is the authority responsible for approving our registration status and allocated quota, would not cancel or revoke this registration status or reduce our allocated quota under COSS. The quota granted to our Group may be cancelled, revoked or reduced by KPDN at any time without any reason.

Should our registration status under COSS be cancelled or revoked while the COSS is still on-going, this would adversely impact our Group's 1kg polybag product's competitiveness in the market. This is because our Group would still have to retail our 1kg polybag products at a fixed retail price of RM2.50 although we would not receive any subsidies. Should our allocated quota under COSS be reduced, we will be subsidised for a lower volume of 1kg polybag products sold. This would either result in us reducing the volume of 1kg polybag products sold or not receive subsidies for the volume of 1kg polybag products sold if it exceeds our allocated quota. Should we reduce the volume of 1kg polybag products sold, this could adversely impact our Group's sales. Meanwhile, should we not receive subsidies for the volume of 1kg polybag products sold if it exceeds our allocated quota, this could adversely impact our Group's profitability.

However, should the Government cease the COSS programme, our Group will continue to repackage, market and distribute non-subsidised RBD palm olein oil in polybags as there will not be any fixed retail price for the said product, our Group and our competitors will compete as is done with non-subsidised products presently.

Although our Group has not had our registration status under COSS revoked since we were registered under COSS in 2007 or had our current allocated quota under COSS reduced since 2016, there is no assurance that this may not occur in the future.

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

We do not enter into long-term contracts with our customers due to the potential volatility of CPO and RBD palm olein oil prices. The maximum contract period that we have with our customers is for 6 months during the FYEs Under Review.

The absence of long-term contracts poses a risk of losing our existing customers, which would impact our financial performance. As such, we are dependent on our ability to secure new contracts with our existing customers, as well as secure new customers.

While our Group has managed to secure repeat orders from some of our customers and has built longstanding business relationships with our major customers, any adverse economic conditions, price fluctuations or more competitive prices offered by other industry players may negatively impact our sales, which may adversely affect our Group's financial performance and business operations.

9.1.6 We are dependent on our key management for the continuing success of our Group

The continuing success of our business is dependent on the leadership abilities and the experiences of our key management personnel, namely Wong Hing Ngiap (Managing Director), Wong Hin Loong (Executive Director), Choo Wai Yeen (Chief Operating Officer), Dee Bee Lian (Chief Financial Officer) as well as Woi Chee Keong (Factory Manager).

Our key management personnel play a significant role in our operations as well as developing and implementing business strategies. Wong Hing Ngiap (Managing Director) and Wong Hin Loong (Executive Director) each has more than 30 years of experience in repackaging, marketing and distribution RBD palm olein oil products. The rest of our key management personnel have extensive knowledge and experience in their respective fields, averaging approximately 27 years.

The loss of services from any of our key management personnel without any suitable or prompt replacement may cause an adverse effect on our business operations and financial performance.

9.1.7 We are presently dependent on a single product, RBD palm olein oil

We are primarily involved in the repackaging, marketing and distribution of RBD palm olein oil. Our repackaging, marketing and distribution of RBD palm olein oil products business contributed approximately RM42.17 million (99.06%), RM59.39 million (99.40%), RM77.86 million (99.52%) and RM79.25 million (99.58%) to our Group's revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively, as stated in Section 7.1 of this Prospectus.

Despite RBD palm olein oil products as a single product for our Group, our RBD palm olein oil products are marketed in our in-house brands i.e. "Sawit Emas", "Vitamas" and unbranded for RBD palm olein cooking oil as well as "Pingat Emas" for RBD palm olein lamp oil and they are sold to the customers in different packaging sizes and type. Please refer to Section 7.2 of this Prospectus for the details of our RBD palm olein oil products.

If we are unable to expand our product range to include high oleic soybean oil (as stated in Section 7.22(i) of this Prospectus) to reduce reliance on RBD palm olein oil products, we will continue to be dependent on RBD palm olein oil products as a single product for our Group.

Therefore, our financial performance is dependent upon the continued demand for RBD palm olein oil by our customers, and any challenges and/or decline faced in the RBD palm olein oil industry may adversely impact our Group's business operations and financial performance. The performance of the RBD palm olein oil industry in Malaysia is driven by various factors, including but not limited to the following:

(a) population growth;

(b) Government subsidy programmes and initiatives; and

(c) lower price and ease of accessibility of supply of RBD palm olein oil.

In addition, changes in consumer preference to other types of edible oil may lead to materially adverse effects to the demand for RBD palm olein oil. Although RBD palm olein oil is currently the lowest priced cooking oil as stated in Section 8 of this Prospectus, there is no assurance that other types of cooking oil will not be priced lower than RBD palm olein cooking oil in the future. If other types of cooking oil are priced lower and the demand for RBD palm olein cooking oil is reduced because of the changes in consumer preferences, or increased popularity of other types of edible oil as substitutes, this may adversely affect our financial performance.

In order to mitigate the above, we intend to expand our product offering to include high oleic soybean oil, as part of our future plans (as stated in Section 7.22(i) of this Prospectus). Despite this, our business operations and financial performance may still be impacted by lower demand for RBD palm olein oil.

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

Our Group plans to expand our product range to include high oleic soybean oil as well as grow our sales to other states in Malaysia.

The future growth of our Group and the successful development of our business strategies and future plans are dependent on, amongst others, the timely and cost-effective for the rebuilding of Factory No. 9, the ability of our key management personnel together with our business development and marketing department to expand our customer reach in Perak, Negeri Sembilan, Melaka and Pahang, our ability to venture into the repackaging, marketing and distribution of high oleic soybean oil business and our ability to market our products to potential and existing customers.

The rebuilding of Factory No. 9 may be delayed due to factors such as but not limited to natural disasters, acts of war or terrorism, political or social unrest, shortage of labour or raw materials, delays in receiving approvals from authorities, variations in design, or where a delay in one part of the construction leads to subsequent delays as the rebuilding works cannot proceed without that particular part being complete.

As our Group does not have any track record in the repackaging, marketing and distribution of high oleic soybean oil, we will rely on the knowledge and experience of our key management personnel which have extensive knowledge and experience in the repackaging, marketing and distribution of RBD palm olein oil products.

Further, we may not be able to successfully execute our future plans if our key management personnel together with our business development and marketing department are not able to expand our customer reach in Perak, Negeri Sembilan, Melaka and Pahang. We may not be able to successfully execute our business strategies and future plans if we are unable to secure customers for our new products and in new markets (be it existing customers of our Group or new customers to our Group).

There can be no assurance that we will be able to successfully implement our business strategies and future plans. There can also be no assurance that if our business strategies and future plans have been implemented that they will be commercially successful. As such, failure to execute our business strategies and future plans successfully may adversely affect our growth and financial performance.

9.1.9 We may not be able to sustain our current levels of profitability in the future

Our revenue grew from RM42.57 million in FYE 2021, RM59.74 million in FYE 2022, RM78.24 million in FYE 2023 to RM79.58 million in FYE 2024. Meanwhile our PAT grew from RM1.85 million in FYE 2021, RM3.26 million in FYE 2022, RM6.03 million in FYE 2023, to RM6.33 million in FYE 2024, as stated in Section 12.1.1 of this Prospectus.

Notwithstanding that our revenue and PAT were at an upward trend from FYEs 2021 to 2024, there is no assurance that we will be able to sustain our current levels of revenue and profitability in the future as our financial performance is dependent on several factors, among others, availability of supplies of RBD palm olein oil, CPO price fluctuation, the increase in operating costs, the ability to retain our existing customers and to secure new customers as well as the execution of our business strategies and future plans as stated in Section 7.22 of this Prospectus.

If our Group is unable to mitigate the aforementioned risks, they will have impacts on our Group's financial performance and thus, our levels of revenue and profitability would be adversely affected.

9.1.10 We are subject to product liability claims, recalls and adverse publicity or public perception regarding our products and brand reputation

We are exposed to the risk of spoilage, contamination, tampering and adulteration of our products, product recall and consumer product liability claims. In such instances, we may need to recall some or all of our products. A widespread product recall, even a recall of products sold by our suppliers or customers who are wholesalers and retailers, could result in significant loss due to the cost of conducting a product recall including destruction of inventory and the loss of sales resulting from the unavailability of the product for a period of time.

Further, adverse publicity or negative public perception regarding the products that we sell, the safety or quality of our products, our actions relating to our products or our industry in general could damage our "Sawit Emas", "Vitamas" and ""Pingat Emas" brands and result in a substantial drop in demand for our products.

Negative public perception may also arise from regulatory investigations or product liability claims, regardless of whether those investigations involve us or whether any product liability claim is successful against us. We may also be subject to liabilities resulting from actions by third-parties such as suppliers, which are beyond our control.

All of these factors could result in a loss of consumer confidence in our products and an actual or perceived loss of value of our brands, and this would materially impact consumer demand for our products and adversely impact our business operations and financial performance. In particular, we could suffer losses from a significant product liability judgment against us.

9.1.11 We may not have sufficient insurance to cover all losses or liabilities

We are exposed to risks such as fire, flood and accidents that may negatively impact our business operations such as damages to our products and packaging facility. As at the LPD, we have in place, among others, burglary, fire, business and assets safeguard insurance for our business premises and assets as well as public liability and money-in-transit. We did not experience any event of burglary, fire or flood on our business premises, public liability claims and any losses in money-in-transit during the FYEs Under Review and up to the LPD.

Notwithstanding the insurance coverage taken by our Group, our insurance does not cover certain types of losses that are not insurable or not economically insurable such as wars, riots, acts of terrorism, acts of God and outbreak of diseases.

In addition, our insurance may not be adequate to cover the losses, damages or liabilities that may arise in the course of our business operations. Any losses, damages or liabilities in excess of our insured limits or in areas for which we are not fully insured may adversely affect our business operations, financial performance and financial condition.

9.1.12 We may face credit risks

Generally, the trade credit terms granted to our customers is 30 days from the date of invoice. Our customers have varying degrees of creditworthiness which expose us to the risk of nonpayment by them. Should our customers fail to meet their payment obligations in accordance with the agreed terms, our operating cash flows, financial condition and financial performance could be adversely affected.

We are aware of the consequences arising from our exposure to credit risk and have implemented credit risk management policies through the application of credit terms approval and monitoring procedures on an on-going basis.

We perform a background check on new customers and normally a cash term will be imposed for new customers. Credit terms are only granted to existing customers with good standing and payment records.

Our Group's trade receivables turnover period was within the credit term period of 30 days in FYE 2022 to FYE 2024 but stood at 34 days in FYE 2021 due to our Group's customers took a longer time to make payments during the COVID-19 pandemic period. Meanwhile, our bad debts written off were not significant, amounted to approximately RM7,000, approximately RM14,000 and approximately RM5,000 in FYE 2021, FYE 2022 and FYE 2023, respectively. For the FYE 2024, we had no bad debts written off. There was no provision for impairment required for the remaining trade receivables during the FYEs Under Review.

Although there have been no material collection problems for trade receivables during the FYEs Under Review up to the LPD, there is no assurance that our customers will be able to fulfil their payment obligations and our Group will not encounter collection problems in the future. If our customers default or delay on their payments, this could lead to impairment of our trade receivables which may adversely affect our financial condition and financial performance.

9.2 Risks relating to our industry in which we operate in

9.2.1 We are exposed to volatility in prices and availability of materials and supplies

We are susceptible to the risk of price fluctuation of RBD palm olein oil products, which is dependent on prices of the raw material, i.e. CPO.

As CPO is a major commodity, its pricing is volatile and dependent on global supply and demand factors, including but not limited to, weather conditions such as flooding or dry spells, global economic conditions, inflationary pressure, and new policies or regulations. If there is a significant increase in the cost of raw materials, our GP margins and financial conditions may be adversely affected.

While our Group's financial performance has not been adversely impacted by the volatility of the prices of RBD palm olein oil during the FYEs Under Review, there is no assurance that the volatility of RBD palm olein oil prices will not lead to any substantial increase in our cost of sales, and that our Group will be able to increase the selling price of our products accordingly resulting in a material adverse impact on our Group's financial performance in the future.

As at the LPD, we obtain our RBD palm olein oil from 4 suppliers, which are local palm oil refineries located in the Klang Valley area. We selected these suppliers based on competitive pricing, proximity to our Factory No. 11, product quality and ability to fulfil our order volume. We face the risk of having to purchase RBD palm olein oil at a higher price if there is a significant price increase.

Further, the consistent supply of our main raw materials (RBD palm olein oil and packaging materials such as polybags, jerry cans, tin cans and bottles), is crucial to our business operations. Any event that affects the availability and quality of our raw materials will have a negative impact on our business operation and financial performance. Any shortages or interruptions in supplies would lead to our inability to fulfil customers' orders.

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

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

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

An increase in competition may result in our Group experiencing reduced profits or lower profit margins and loss of market share. All of these may adversely affect our Group's business operations and financial performance.

9.2.3 We are subject to political, social, regulatory and economic risks

As we operate in Malaysia, any changes in political, economic or regulatory conditions in Malaysia may materially and adversely affect the demand and supply of our products and its prices. These events could include, but not limited to:

(i) political and economic instability, including global and regional macroeconomic disruptions such as natural disasters, pandemics and epidemics, geopolitical tension, or other risks;

(ii) unfavourable changes in government policies such as introduction of new regulations, including trade protection measures, sanction and subsidies as well as changes in import tariffs and related duties; and

(iii) risks with respect to social and political crisis resulting from riots, terrorism, war or civil unrest.

As at the LPD, we have not experienced any material impact of any adverse government, political, economic and regulatory changes on our Group's business operations. However, there can be no assurance that the adverse political, social, economic or regulatory developments, which are beyond our control, will not materially affect our business and financial performance.

9.3 Risks relating to our Shares

9.3.1 There is no prior market for our Shares

Prior to our Listing, there has been no public market or public trading for our Shares. The listing of our Shares on the ACE Market does not guarantee that an active market for our Shares will develop.

There is also no assurance that our IPO Price will correspond to the price at which our Shares will be traded on the ACE Market.

9.3.2 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 occurs:

(i) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations therein;

(ii) we are unable to meet the public shareholding spread requirement set by Bursa Securities, 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 upon the completion of our IPO and at the point of our Listing; and

(iii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications for our IPO Shares shall be deemed to be withdrawn and cancelled and we or such other person who received the monies shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or

(ii) our Listing is aborted, investors will not receive any IPO Shares, and all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment or transfer of our IPO Shares:

(i) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.00% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or

(ii) our Listing is aborted other than pursuant to a stop order by the SC under Section 245(1) of the CMSA, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by the sanction of our shareholders by special resolution in a general meeting and supported by either:

   (a) the sanction of our shareholders by special resolution in a general meeting, a consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or

   (b) a solvency statement from our Directors.

9.3.3 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 witnessed on Bursa Securities, thus adding risks to the market price of our Shares.

9.3.4 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 66.14% of our enlarged share capital upon Listing. As a result, our Promoters will have significant influence on the outcome of certain matters requiring the vote of shareholders unless they are required to abstain from voting by law and/or as required by the relevant authorities.

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10. RELATED PARTY TRANSACTIONS

10.1 RELATED PARTY TRANSACTIONS

Save for the Acquisitions and as disclosed below, we have not entered into any related party transactions with our related parties for the FYEs Under Review and up to the LPD:

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
1.	Thrive Properties	SCEO	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of our Company as well as directors of SCEO Wong Hing Ngiap and Wong Hin Loong both are the directors and shareholders of Thrive Properties. Wong Cheng Li, a daughter to Wong Hin Loong is also a shareholder of Thrive Properties	- Rental expenses paid to Thrive Properties for unit No. 35-2C, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor which is used for hostel to house SCEO's workers[1]	4	[2] #	4	[2] #	3	[2] #	6	[2] #	2
2.	Thrive Properties	SCEO		- Purchase of insurance policies from Thrive Properties mainly for motor vehicles and property owned by SCEO[3]	-	-	81	[2] 2	10	[2] #	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
3.	Wong Hing Ngiap and Wong Hin Loong	SCEO	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCEO	- Rental expenses paid to Wong Hing Ngiap and Wong Hin Loong for Factory No. 11[(4)]	132	(2) 4	144	(2) 4	144	(2) 3	96	(2) 2	-
4.	Wong Hing Ngiap and Wong Hin Loong	SCEO		- Acquisition of Factory No. 11[(5)]	-	-	-	-	-	-	7,050	(12) 22	3,450
5.	Wong Hing Ngiap and Wong Hin Loong	SCEO		- Rental expenses paid to Wong Hing Ngiap and Wong Hin Loong for unit No. 2B, Jalan 3/2 Kampung Tasek Tambahan, 68000 Ampang, Selangor which is used for hostel to house SCEO's workers[(6)]	-	-	-	-	^	(2) #	10	(2) #	3
6.	Wong Hin Loong	SCEO		- Disposal of motor vehicle (Mercedes Benz, model E250, year 2013) to Wong Hin Loong[(7)]	-	-	-	-	-	-	90	(9) 8	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
7.	Wong Hing Ngiap	SCEO	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCEO	- Disposal of motor vehicle (Lexus, model RX350, year 2015) to Wong Hing Ngiap(7)	-	-	-	-	-	-	170	(9) 15	-
8.	Wong Hing Ngiap	SCEO		- Disposal of motor vehicle (Mercedes Benz, model E250, year 2016) to Wong Hing Ngiap(7)	-	-	-	-	-	-	150	(9) 13	-

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10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
9.	Thrive Properties	SCSM	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCSM Wong Hing Ngiap and Wong Hin Loong both are the directors and shareholders of Thrive Properties. Wong Cheng Li, a daughter to Wong Hin Loong is also a shareholder of Thrive Properties	- Rental expenses paid to Thrive Properties for unit No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor for lamp oil labelling line and storage for SCSM's operations(8)	24	(2) #	24	(2) #	24	(2) #	27	(2) #	8

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10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
10.	Thrive Properties	SCSM	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCSM Wong Hing Ngiap and Wong Hin Loong both are the directors and shareholders of Thrive Properties. Wong Cheng Li, a daughter to Wong Hin Loong is also a shareholder of Thrive Properties	- Purchase of insurance policies from Thrive Properties for property No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor and motor vehicles(3)	^	(2) #	10	(2) #	-	-	-	-	-
11.	Thrive Properties	SCSM		- Sales of insurance policies to Thrive Properties for properties owned by Thrive Properties(3)	-	-	-	-	-	-	9	(2) #	-
12.	Thrive Properties	SCSM		- Management fee received from Thrive Properties by SCSM for providing finance and administration services(10)	-	-	-	-	110	(9) 17	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
13.	Wong Hing Ngiap and Wong Hin Loong	SCSM	Wong Hing Ngiap and Wong Hin Loong both are the Executive Directors, Promoters and substantial shareholders of the Company as well as directors of SCSM	- Sales of insurance policies to Wong Hing Ngiap and Wong Hin Loong for properties owned by them(3)	-	-	-	-	15	(9) 2	20	(9) 2	-
14.	Au Ngan Yoke	SCEO	Au Ngan Yoke, the spouse of Wong Hin Loong who is the Executive Director, Promoter and substantial shareholder of the Company as well as director of SCEO	- Disposal of motor vehicle (Lexus, model RX350, year 2015) to Au Ngan Yoke(7)	-	-	-	-	-	-	170	(9) 15	-

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10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Related party	Transacting company within our Group	Interested persons and nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		1 April 2024 up to LPD*
					RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000
15.	Choo Wai Yeen	SCEO	Choo Wai Yeen, the spouse of Wong Hing Ngiap who is the Managing Director, Promoter and substantial shareholder of the Company as well as director of SCEO	- Disposal of motorcycle (Modenas, model Kriss MJ110, year 2020) to Choo Wai Yeen(11)	-	-	4	(9) #	-	-	-	-	-

Notes:

^ Less than RM1,000.

Less than 1%.

* The percentage of the related party transaction is not able to be ascertained as our Group's audited financial statement for 1 April 2024 up to the LPD is not available.

(1) Based on the tenancy agreement dated 8 January 2021 entered between SCEO and Thrive Properties to rent this property as a hostel to house SCEO's workers for the period commencing 1 January 2021 to 31 December 2025 at the monthly rental of RM350 for 699.65 sq. ft. (RM0.50 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM700 as appraised by Laurelcap Sdn Bhd (an independent property valuer) ("**Laurelcap**") on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 September 2023 with effect from 30 September 2023.

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM700. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon expiry of the initial term.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In addition, the total amount of the rental paid for the FYE 2023 (i.e. the period from April 2022 to March 2023) is lower than FYE 2022 due to the changes in the mode of billing by Thrive Properties for the rental payment from half yearly to quarterly basis during the FYE 2023. The rental expenses of RM1,050 (for the period of April 2022 to June 2022) were captured in FYE 2022 as it was part of the rental period from January 2022 to June 2022, whilst the rental period from July 2022 to March 2023 were reflected in FYE 2023.

(2) Calculated based on our Group's administrative expenses for each of the financial years.

(3) For the transactions involving the purchase/sale of insurance policies from/to the related parties, the transacted amounts were based on the insurance premiums charged by the insurance companies. Thrive Properties and SCSM subsequently only received insurance agent commissions from the respective insurance companies.

(4) Based on the tenancy agreement dated 1 March 2021 entered between SCEO and Wong Hing Ngiap and Wong Hin Loong (and renewed via letter dated 28 February 2023) for the rental of this property for SCEO's operations commencing 1 March 2021 to 31 December 2023 at the monthly rental of RM12,000. The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable as the monthly rental for Factory No. 9 to a third party was RM10,000 and the monthly rental for a factory next to Factory No. 9 was RM12,000 based on the tenancy agreement between the third party tenant and the landlord of that factory. On 11 September 2023, Laurelcap appraised this property at a monthly market rental value of RM27,000 using the comparison approach. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property as appraised by Laurelcap.

On 25 October 2023, SCEO and Wong Hing Ngiap and Wong Hin Loong executed a supplemental letter to record their agreement to revise the monthly rental from RM12,000 to RM27,000 for this property commencing from 1 January 2024 if the conditional sale and purchase agreement dated 22 September 2023 for the acquisition of this property by SCEO cannot be completed prior to 1 January 2024. With effect from 1 December 2023, the tenancy of this property has been terminated as Factory No. 11 has been transferred to and registered under the name of SCEO and the legal possession of this property has been deemed delivered to SCEO.

(5) Conditional sale and purchase agreement dated 22 September 2023 entered between SCEO (as purchaser) and Wong Hing Ngiap and Wong Hin Loong (as vendors) to acquire this property for cash consideration of RM10.50 million. The purchase price is based on the market value of this property of RM10.50 million, as appraised by Laurelcap on 11 September 2023 using the comparison approach. The Factory No. 11 has been successfully transferred to and registered in the name of SCEO on 1 December 2023. The balance purchase price of RM9.45 million was fully settled on 16 May 2024 and the sale and purchase agreement of Factory No. 11 was completed on 16 May 2024.

(6) Based on the tenancy agreement dated 21 February 2023 entered between SCEO and Wong Hing Ngiap and Wong Hin Loong to rent this property as a hostel to house SCEO's workers for the period commencing 1 March 2023 to 28 February 2025 at the monthly rental of RM500 for 1,320 sq. ft. (approximately RM0.38 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis.

10. RELATED PARTY TRANSACTIONS (CONT'D)

However, the transaction was not unfavourable to SCEO as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM1,100 as appraised by Laurelcap on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 August 2023 with effect from 30 September 2023.

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM1,100. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon the expiry of the initial term.

(7) The transaction values for the disposal of motor vehicles by SCEO to the related parties were based on the quotations (being the market rates) received from a third party car dealer.

(8) Based on the tenancy agreement dated 3 December 2023 entered between SCSM and Thrive Properties to rent this property as a labelling and storage space for SCSM's operation for the period commencing 1 December 2019 to 30 November 2024 at the monthly rental of RM2,000 for 1,463.90 sq. ft. (approximately RM1.37 per sq. ft.). The monthly rental was determined based on Wong Hing Ngiap and Wong Hin Loong's view as reasonable without obtaining any independent opinion or checking the monthly market rental values for other similar properties in the vicinity. As such, the monthly rental of this property was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to SCSM as it was on a lower monthly rental as compared to the monthly market rental value for this property of RM2,500 as appraised by Laurelcap on 11 September 2023 using the comparison approach. This agreement was mutually terminated by the parties via letter dated 1 September 2023 with effect from 30 September 2023.

On 1 October 2023, the parties entered into a new tenancy agreement for this property by revising the monthly rental to RM2,500. The new tenancy agreement is valid from 1 October 2023 to 30 September 2026 with an option to renew for another 2 years upon expiry of the initial term.

(9) Calculated based on our Group's other income for each of the financial years.

(10) Based on the management agreement dated 1 May 2022 entered between SCSM and Thrive Properties for the management services provided by SCSM to Thrive Properties at the fee of RM10,000 per month. The management service fee of RM10,000 per month was determined based on Wong Hing Ngiap's and Wong Hin Loong's view as reasonable after taking into consideration the expected amount of work and time required in providing the services without obtaining any independent opinion. As such, the management service fee was not on normal commercial terms and not on an arms' length basis. However, the transaction was not unfavourable to our Group as it contributed additional income to SCSM. This agreement was terminated on 1 April 2023 vide letter dated 1 March 2023.

10. RELATED PARTY TRANSACTIONS (CONT'D)

(11) The transaction value for the disposal of motorcycle by SCEO to the related party was determined after taking into consideration the quotation (being the market rate) received from a third party motorcycles dealer.

(12) Calculated based on our Group's total assets for each of the financial years.

Save for the tenancy agreements and management agreement as disclosed in Notes (1), (4), (6), (8) and (10) above, the related party transactions above were carried out on an arm's length basis and on normal commercial terms which were not more favourable to the related parties than those generally available to the public and were not detrimental to our Group.

The related party transactions as disclosed in Notes (1), (6) and (8) above, are recurrent in nature and will subsist after our Listing.

Moving forward, if there are potential related party transactions, our Group will ensure that they are carried out on an 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 Group.

Save as disclosed above, our Board has confirmed that there are no other material related party transactions that we had entered into with the related parties but not yet effected up to the date of this Prospectus.

In addition, if there are potential related party transactions, moving forward, the related parties must first inform our Audit and Risk Management Committee on their interests in the transaction and the nature of the transaction before the transaction is entered into. Our Audit and Risk Management Committee is responsible for the review of the terms of all related party transactions. In order to ensure that related party transactions are undertaken on arm's length basis and on normal commercial terms, we have established the following procedures:

(a) Recurrent related party transactions ("RRPTs")

(i) At least 2 other contemporaneous transactions with third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered by all related parties are fair and reasonable and comparable to those offered by third parties; or

(ii) In the event that quotation or comparative pricing from third parties cannot be obtained, the transaction price will be determined by our Group based on those offered by third parties for substantially similar type of transaction to ensure that the recurrent related party transactions are not detrimental to us.

Our Board may seek a mandate from our shareholders at general meetings of our Company to enter into any recurrent related party transactions. The said shareholders' mandate will enable us to enter into such recurrent transactions which are transacted in our ordinary course of business without having to convene numerous general meetings to approve such recurrent transactions as and when they are entered into. The interested persons shall abstain from voting on resolutions pertaining to the respective transactions.

(b) Other related party transactions

Assessments will be carried out to determine:

(i) whether the terms of the related party transaction are fair and on arm's length basis, and whether these terms would apply on the same basis if the transaction did not involve a related party;

10. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) the rationale for our Group to enter into the related party transaction and the nature of alternative transactions, if any; and

(iii) whether the related party transaction would present a conflict of interest between our Group and the related parties, taking into account the size of the transaction and nature of the related parties' interest in the transaction.

In accordance with the Listing Requirements, a related party transaction may require prior approval of our shareholders at a general meeting to be convened. An independent adviser may be appointed to comment as to whether the related party transaction is fair and reasonable so far as the non-interested shareholders are concerned, and whether the transaction is to the detriment of non-interested shareholders.

In such instances, the independent adviser shall also advise the non-interested shareholders on whether they should vote in favour of the transaction.

For a related party transaction that requires prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them having any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where a person connected with a Director or major shareholder has interest, direct or indirect, in any proposed related party transaction, the Director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, amongst others, supervise and monitor any related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosures in our annual report with regards to any related party transaction entered into by us.

10.1.1 Other transactions

(a) Transactions which are unusual in their nature or conditions

There were no transactions that were unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party during the FYEs Under Review and up to the LPD.

(b) Loans and guarantees

As at LPD, there are no personal guarantees for banking facilities extended by our Promoters, substantial shareholders and/or Directors to our Group.

(c) Amount due to / from related parties / Directors

(i) Amount due from related party

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	As at LPD RM'000
Amount due from related party	-	-	30	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

The outstanding management service fee for the management services provided by SCSM to Thrive Properties. The amount due has been fully settled as at the LPD.

(ii) Amount due to related party

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	As at LPD RM'000
Amount due to related party	-	-	4	-	-

The rental due from SCSM to Thrive Properties for unit No. 33G, Jalan 6/10, Kampung Tasek Tambahan, 68000 Ampang, Selangor was for lamp oil labelling line and storage for SCSM's operations. The amount due has been fully settled as at the LPD.

(iii) Amount due from / to Directors

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000	As at LPD RM'000
Amount due from/ (to) the director	-	-	1	(3,450)	-

The insurance premium due from Wong Hing Ngiap to SCSM in FYE 2023 was for the sales of an insurance policy by SCSM to Wong Hing Ngiap for a property owned by him. The amount due has been fully settled as at the LPD.

The amount due to Directors in FYE 2024 was for the remaining amount payable for the acquisition of Factory No. 11 by SCEO from Wong Hin Loong and Wong Hing Ngiap. The amount due has been fully settled as at the LPD.

There is no outstanding amount due from our Directors as at the end of the respective FYEs Under Review and as at the LPD.

(iv) Financial assistance provided for the benefit of a related party

There is no financial assistance provided by us for the benefit of any related party for the FYEs Under Review and up to the LPD.

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 and conflict of interest situations that may arise within our Group including any transaction, procedure or course of conduct that raises questions of management integrity. It also maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest.

Our Audit and Risk Management Committee will submit an annual report to our Board summarising its activities during the financial year and the related significant results and findings.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2.2 Our Group's policy on related party transactions

Related party transactions by their nature, involve conflict of interest between our Group and the related parties with whom our Group has entered into such transactions. Any such related party transactions may individually and in aggregate give rise to potential conflicts of interest.

It is the policy of our Group that all related party transactions in the course of our business are made on an arm's length basis and on normal commercial terms which are not more favourable to the related party than those generally available to the public and these terms are not detrimental to our non-interested shareholders who are not part of the transaction. The related parties and any other parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations and voting on resolutions pertaining to the matters and/or transactions where a conflict of interest may arise.

In addition, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group, and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and/or conflict of interest. Our Audit and Risk Management Committee will in turn report and make the appropriate recommendations to our Board after its evaluation and assessment.

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11. CONFLICT OF INTERESTS

11.1 INTEREST IN SIMILAR BUSINESS AND IN BUSINESSES OF OUR CUSTOMERS AND SUPPLIERS

As at the LPD, none of our Directors or substantial shareholders has any direct or indirect interest in any entity which is carrying on a similar trade as our Group or is a customer or supplier of our Group.

11.2 DECLARATIONS OF CONFLICT OF INTEREST BY OUR ADVISERS

11.2.1 Principal Adviser, Sponsor, Underwriter and Placement Agent

TA Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as Principal Adviser, Sponsor, Underwriter and Placement Agent for our Listing.

11.2.2 Solicitors for our IPO

Olivia Lim & Co, has confirmed that, as at the date of this Prospectus, it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the Solicitors for our Group in relation to the Listing.

11.2.3 Auditors and Reporting Accountants

UHY, has confirmed that, as at the date of this Prospectus, it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to the Listing.

11.2.4 Independent Market Researcher

Providence, has confirmed that, as at the date of this Prospectus, it has no existing or potential conflict of interest in the Company and there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our combined statements of profit or loss and other comprehensive income for the FYEs Under Review, which was extracted from the Accountants' Report set out in Section 13 of this Prospectus. The historical combined statements of profit or loss and other comprehensive income have been prepared in accordance with MFRS.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
Revenue	42,574	59,742	78,236	79,583
Cost of sales	(37,142)	(51,751)	(66,251)	(66,852)
GP	**5,432**	**7,991**	**11,985**	**12,731**
Other income	654	371	665	1,155
Selling and distribution costs	(412)	(399)	(441)	(502)
Administrative expenses	(3,252)	(3,687)	(4,195)	(5,440)
Profit from operations	**2,422**	**4,276**	**8,014**	**7,944**
Finance costs	(5)	(15)	(9)	(6)
PBT	**2,417**	**4,261**	**8,005**	**7,938**
Income tax expense	(565)	(999)	(1,976)	(1,609)
PAT / Total comprehensive income for the financial year	**1,852**	**3,262**	**6,029**	**6,329**
PAT/ Total comprehensive income attributable to:				
- Owners of the Company	**1,852**	**3,262**	**6,029**	**6,329**
EBITDA (1)	3,025	5,024	8,645	8,544
GP margin (%) (2)	12.76	13.38	15.32	16.00
PBT margin (%) (3)	5.68	7.13	10.23	9.97
PAT margin (%) (4)	4.35	5.46	7.71	7.95
Number of Shares assumed in issue ('000) (5)	266,000	266,000	266,000	266,000
Basic EPS (sen) (6)	0.70	1.23	2.27	2.38
Diluted EPS (sen) (6)(7)	0.70	1.23	2.27	2.38

Notes:

(1) The table below sets forth a reconciliation of our PBT to EBITDA.

	Audited			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
PBT	2,417	4,261	8,005	7,938
Add:				
Finance costs	5	15	9	6
Depreciation	674	671	654	762
Amortisation	34	162	163	135

	Audited			
	FYE 2021 RM'000	**FYE 2022 RM'000**	**FYE 2023 RM'000**	**FYE 2024 RM'000**
Less: Interest income	(105)	(85)	(186)	(297)
EBITDA	**3,025**	**5,024**	**8,645**	**8,544**

(2) GP margin is computed based on our GP over revenue.

(3) PBT margin is computed based on our PBT over revenue.

(4) PAT margin is computed based on our PAT over revenue.

(5) Assumed number of ordinary shares in issue in Sik Cheong after our IPO.

(6) Basic and diluted EPS are calculated based on PAT attributable to owners of the Company divided by 266,000,000 enlarged total number of Shares after our IPO.

(7) Our Company does not have any outstanding convertible securities at the end of the financial years.

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12.1.2 Historical combined statements of financial position

The following table sets out a summary of our combined statements of financial positions for the FYEs Under Review, which was extracted from the Accountants' Report set out in Section 13 of this Prospectus.

The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

	Audited			
	As at 31 March			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,366	1,768	1,759	14,330
Rights-of-use assets	474	312	161	132
Investment properties	1,849	1,817	1,840	203
Total non-current assets	4,689	3,897	3,760	14,665
Current assets				
Inventories	914	1,611	1,029	1,206
Trade receivables	4,384	4,947	4,931	6,055
Other receivables	1,117	3,254	1,763	2,955
Tax recoverable	88	22	80	101
Fixed deposits with licensed bank	1,283	1,300	1,325	41
Cash and bank balances	5,550	6,790	11,658	6,800
Total current assets	13,336	17,924	20,786	17,158
TOTAL ASSETS	**18,025**	**21,821**	**24,546**	**31,823**
EQUITY AND LIABILITIES				
Equity invested				
Share capital	420	420	420	420
Retained profits	16,293	19,535	19,544	25,873
TOTAL EQUITY	**16,713**	**19,955**	**19,964**	**26,293**
Non-current liabilities				
Lease liabilities	319	156	28	79
Deferred tax liabilities	172	191	187	244
Total non-current liabilities	491	347	215	323
Current liabilities				
Trade payables	317	881	294	785
Other payables	307	449	540	4,055
Dividend payable	-	-	3,000	-
Lease liabilities	157	163	139	56
Provision for taxation	40	26	394	311
Total current liabilities	821	1,519	4,367	5,207
TOTAL LIABILITIES	**1,312**	**1,866**	**4,582**	**5,530**
TOTAL EQUITY AND LIABILITIES	**18,025**	**21,821**	**24,546**	**31,823**

12.1.3 Historical combined statements of cash flows

The following table sets out our combined statements of cash flows for the FYEs Under Review, which have been extracted from the Accountants' Report set out in Section 13 of this Prospectus. The following financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operations set out in Section 12.3 of this Prospectus and the Accountants' Report and accompanying notes set out in Section 13 of this Prospectus.

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
PBT	2,417	4,261	8,005	7,938
Adjustments for:				
Amortisation of right-of-use assets	34	162	163	135
Bad debts written off	7	14	5	-
Depreciation of investment properties	32	32	33	3
Depreciation of property, plant and equipment	642	639	621	759
Gain on disposal of property, plant and equipment	(395)	(96)	(176)	(679)
Gain on termination of lease contract	-	-	-	(1)
Interest expense	5	15	9	6
Interest income	(105)	(85)	(186)	(297)
Property, plant and equipment written off	8	-	10	1
Operating profit before working capital changes	2,645	4,942	8,484	7,865
(Increase)/Decrease in inventories	(133)	(697)	581	(177)
(Increase)/Decrease in trade receivables	(720)	(577)	11	(1,124)
Decrease/(Increase) in other receivables	303	(2,137)	1,521	(1,221)
(Decrease)/Increase in trade payables	(79)	564	(587)	491
Increase in other payables	20	141	88	69
Cash from operations	**2,036**	**2,236**	**10,098**	**5,903**
Interest paid	(5)	(15)	(9)	(6)
Tax paid	(337)	(927)	(1,670)	(1,958)
Tax refunded	99	-	-	302
Net cash from operating activities	**1,793**	**1,294**	**8,419**	**4,241**
CASH FLOWS (USED IN)/ FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(1,744)	(44)	(679)	(8,272)
Increase in amount owing by a related party	-	-	(30)	30
Interest received	105	85	186	297
Proceeds from disposal of property, plant and equipment	529	100	176	704
Net cash (used in)/ from investing activities	**(1,110)**	**141**	**(347)**	**(7,241)**

12. FINANCIAL INFORMATION (CONT'D)

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES				
Repayment to Directors	(155)	-	-	-
Increase in amount owing to a related party	-	-	4	(4)
Dividend paid	(3,000)	(20)	(3,020)	(3,000)
Increase in fixed deposits pledged	(58)	(18)	(24)	1,325
Issuance of shares	20	-	-	-
Repayment of lease liabilities	(32)	(157)	(164)	(138)
Net cash used in financing activities	**(3,225)**	**(195)**	**(3,204)**	**(1,817)**
Net (decrease)/ increase in cash and cash equivalents	(2,542)	1,240	4,868	(4,817)
Cash and cash equivalents at beginning of the financial year	8,092	5,550	6,790	11,658
Cash and cash equivalents at end of the financial year	5,550	6,790	11,658	6,841

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12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness based on our unaudited financial information as at 31 May 2024 and after adjusting for the effects of our Public Issue and utilisation of proceeds from our Public Issue.

	Unaudited as at 31 May 2024	After Public Issue and utilisation of proceeds
	RM'000	RM'000
Capitalisation		
Shareholders' equity	26,674	40,694
Total capitalisation	**26,674**	**40,694**
Indebtedness		
Current		
Unsecured and unguaranteed		
- Lease liabilities (rentals) [(1)]	57	57
Non-current		
Unsecured and unguaranteed		
- Lease liabilities (rentals) [(1)]	70	70
Total indebtedness	**127**	**127**
Total capitalisation and indebtedness	**26,801**	**40,821**
Gearing ratio (times) [(2)]	0.0047	0.0031

Notes:

(1) Lease liabilities (rentals) represent the present value of the remaining rental payments over the rental period for our rented properties.

(2) Computed based on total indebtedness divided by total capitalisation.

As at the LPD, there is no indirect and/or material contingent liabilities incurred by our Group which may have a substantial impact on the financial position of our Group.

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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 condition and results of operations for the FYEs Under Review should be read in conjunction with our Accountants' Report and accompanying notes presented in Section 13 of this Prospectus.

This discussion and analysis contains data derived from our financial statements as well as forward-looking statements that reflect our views with respect to future events and our future financial performance. Actual events and results may differ materially from those anticipated in these forward-looking statements. Factors that may cause future events and results to differ significantly from those described in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.3.1 Overview of business operations

We are principally involved in the following business activities:

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

Our Group is principally involved in the repackaging, marketing and distribution of RBD palm olein oil products, wherein the products are mainly sold under our in-house brands, i.e. Sawit Emas", "Vitamas" and "Pingat Emas".

Our main products are RBD palm olein cooking oil, which are sold under our in-house brands, "Sawit Emas" and "Vitamas", or sold unbranded. We also sell RBD palm olein lamp oil under our in-house brand, "Pingat Emas".

Our Group's customer base mainly comprises retailers, wholesalers, hotel, restaurant and catering operators, and food manufacturers.

(ii) Trading of third-party products

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

Our Group recognises revenue at the point of delivery of products. All of our Group's revenue are generated in Malaysia and denominated in RM. We typically deliver our products to our customers' manufacturing facility, warehouse or distribution centres or retail locations.

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12.3.2 Revenue

(i) Revenue by business activities

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

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Subsidised RBD palm olein oil products								
Sawit Emas								
- COSS [(1)]	18,853	44.29	20,205	33.82	20,218	25.84	20,307	25.52
- MKHMM [(2)]	-	-	8,869	14.85	5,109	6.53	1,074	1.35
Vitamas								
- MKHMM [(3)]	-	-	803	1.34	374	0.48	23	0.03
	18,853	**44.29**	**29,877**	**50.01**	**25,701**	**32.85**	**21,404**	**26.90**
Non-subsidised RBD palm olein oil products								
Sawit Emas [(4)]	18,627	43.75	23,807	39.85	44,183	56.48	49,001	61.57
Vitamas [(5)]	1,406	3.30	1,143	1.91	2,902	3.71	3,737	4.70
Pingat Emas [(6)]	2,738	6.43	3,899	6.53	3,802	4.86	3,367	4.23
Unbranded (IBC) [(7)]	549	1.29	659	1.10	1,270	1.62	1,738	2.18
	23,320	**54.77**	**29,508**	**49.39**	**52,157**	**66.67**	**57,843**	**72.68**
Repackaging, marketing and distribution of RBD palm olein oil products	**42,173**	**99.06**	**59,385**	**99.40**	**77,858**	**99.52**	**79,247**	**99.58**
Trading of third-party products	**401**	**0.94**	**357**	**0.60**	**378**	**0.48**	**336**	**0.42**
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

As seen from the table above, majority of the revenue generated by our Group was from repackaging, marketing and distribution of RBD palm olein oil products.

Notes:
(1) "Sawit Emas" products under COSS were sold in 1kg polybags.

(2) "Sawit Emas" products under MKHMM were sold in 1kg, 2kg and 5kg bottles.

(3) "Vitamas" products under MKHMM were sold in 3kg and 5kg bottles.

(4) Non-subsidised "Sawit Emas" products were sold in 1kg bottles, 2kg bottles, 5kg bottles, 17kg jerry cans and 17kg tin cans.

(5) Non-subsidised "Vitamas" products were sold in 3kg bottles, 5kg bottles and 17kg jerry cans.

(6) Non-subsidised "Pingat Emas" lamp oil products were sold in 1.8 litre bottles and 5 litre bottles.

(7) Non-subsidised unbranded cooking oil products were sold in 900kg IBCs.

(ii) Revenue by geographical location in Malaysia

The table below presents the breakdown of our total revenue by states where our customers are based for the FYEs Under Review:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Selangor	24,997	58.71	31,940	53.46	41,839	53.48	46,455	58.37
Kuala Lumpur	15,487	36.38	25,120	42.05	34,064	43.54	31,268	39.29
Other remaining states (1)	2,090	4.91	2,682	4.49	2,333	2.98	1,860	2.34
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

Note:
(1) Other remaining states include Negeri Sembilan, Johor, Federal Territory of Putrajaya, Pahang, Perak, Sarawak, Melaka and Terengganu.

(iii) Revenue by customer segment

The table below presents the breakdown of our total revenue by customer segment:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wholesalers	15,416	36.21	23,840	39.90	31,585	40.37	33,279	41.82
Retailers	15,969	37.51	19,197	32.14	25,385	32.45	24,891	31.28
Food manufacturers	9,207	21.63	13,399	22.43	14,750	18.85	11,997	15.07
Hotel, restaurant and catering operators	1,982	4.65	3,306	5.53	6,516	8.33	9,416	11.83
Total revenue	**42,574**	**100.00**	**59,742**	**100.00**	**78,236**	**100.00**	**79,583**	**100.00**

As seen from the table above, majority of the revenue generated by our Group was from wholesalers, retailers and food manufacturers.

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(iv) Average revenue per kg of our RBD palm olein oil products

The average revenue per kg for each of the product under the repackaging, marketing and distribution of RBD palm olein oil products segment for the FYEs Under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024[4]	
	kg	Average selling price per kg [1] (RM)	kg	Average selling price per kg [1] (RM)	kg	Average selling price per kg [1] (RM)	kg	Average selling price per kg [1] (RM)
<u>Subsidised RBD palm olein oil</u>								
Sawit Emas								
- COSS	7,892,930	2.39	8,395,688	2.41	8,401,283 [2]	2.41	8,399,288	2.42
- MKHMM	-	-	1,561,371	5.68	903,288	5.66	199,792	5.38
Vitamas (MKHMM)	-	-	143,272	5.60	66,554	5.62	4,200	5.48
<u>Non-subsidised RBD palm olein oil</u>								
Sawit Emas [3]	4,897,912	3.80	4,288,118	5.55	7,395,506	5.97	9,539,660	5.14
Vitamas [3]	364,580	3.86	208,658	5.48	500,233	5.80	721,275	5.18
Pingat Emas	603,452	4.54	610,845	6.38	535,081	7.11	546,016	6.17
Unbranded (IBC)	160,200	3.43	119,700	5.51	238,500	5.32	392,400	4.43

<u>Notes</u>:

(1) Average selling price per kg was computed based on revenue over total volume (kg) sold for each product during the respective FYE Under Review.

(2) Our total volume sold during FYE 2023 of 8,401,283 kg was higher than the quota granted by the Government of 8,400,000 kg. This was because there were inventories that were brought forward from FYE 2022.

(3) In FYE 2022 and FYE 2023, the average selling prices of our "Sawit Emas" brand of RBD palm olein oil products were generally higher than that of our "Vitamas" brand. This was primarily because we sold more 17kg jerry cans and 17kg tin cans of "Sawit Emas", which generally have a higher selling price per kg compared to other packaging sizes and types as we typically sell directly to end-customers, i.e. hotel, restaurant and catering operators, and food manufacturers. In comparison, "Vitamas" brand of RBD palm olein oil products were mainly sold in 3kg and 5kg bottles during the same period, which have a lower average selling price per kg as these packaging sizes and types are typically sold to wholesalers and retailers who will resell our products to their customers.

(4) In FYE 2024, the average selling prices of our RBD palm olein oil products were lower than the average selling prices of our RBD palm olein oil products in FYE 2023 mainly due to the lower CPO price in FYE 2024.

(v) Commentary on revenue

FYE 2022 compared to FYE 2021

Our total revenue recorded an increase of RM17.17 million or 40.33%, from RM42.57 million in FYE 2021 to RM59.74 million in FYE 2022 due to an increase in revenue generated from repackaging, marketing and distribution of RBD palm olein oil products.

In terms of geographical location, Selangor and Kuala Lumpur were our largest markets, collectively representing 95.09% and 95.51% of total revenue in FYE 2021 and FYE 2022, respectively.

In terms of customer segments, our higher revenue was derived mainly from wholesalers (RM8.42 million), food manufacturers (RM4.19 million), retailers (RM3.23 million) as well as hotel, restaurant and catering operators (RM1.33 million).

Repackaging, marketing and distribution of RBD palm olein oil products

Our RBD palm olein oil product segment was our main segment, contributing 99.06% and 99.40% to total revenue in FYE 2021 and FYE 2022, respectively.

Our revenue from RBD palm olein oil products increased by RM17.22 million or 40.83%, from RM42.17 million in FYE 2021 to RM59.39 million in FYE 2022. This was due to the higher revenue from both subsidised RBD palm olein oil products of RM11.03 million and non-subsidised RBD palm olein oil products of RM6.19 million in FYE 2022.

Subsidised RBD palm olein oil products

Our revenue from subsidised RBD palm olein oil products increased by RM11.03 million or 58.51%, from RM18.85 million in FYE 2021 to RM29.88 million in FYE 2022. The increase was because:

(a) there was an increase in revenue from subsidised "Sawit Emas" cooking oil of RM10.22 million. The increase was due to:

- higher sales volume of subsidised "Sawit Emas" cooking oil by 26.15% in FYE 2022, as there were:

  (aa) an increase of 503 MT of products sold under COSS in FYE 2022 as our Group secured increased orders from approximately 270 existing customers and approximately 30 new customers which mainly comprised wholesalers and retailers;

  (bb) our Group began to generate revenue from "Sawit Emas" products under MKHMM as our Group obtained quota to repackage, market and distribute RBD palm olein oil products under MKHMM in September 2021. We sold 1,561 MT of products under MKHMM in various packaging sizes and types (i.e. 1kg, 2kg and 5kg bottles) mainly to wholesalers and retailers in FYE 2022. The average selling price for "Sawit Emas" MKHMM products was RM5.68 per kg in FYE 2022; and

  (cc) increase in average selling price of "Sawit Emas" products under COSS of 0.84%, from RM2.39 per kg in FYE 2021 to RM2.41 per kg in FYE 2022. Cost of packaging materials was higher in FYE 2022 as compared to FYE 2021 and we passed on the incremental costs to our customers.

(b) our Group began to generate revenue from "Vitamas" products under MKHMM of RM0.80 million as we obtained quota to repackage, market and distribute RBD palm olein oil under MKHMM in September 2021. We sold 143 MT of "Vitamas" products under MKHMM in various packaging sizes and types largely to wholesalers in FYE 2022. The average selling price for "Vitamas" products under MKHMM was RM5.60 per kg in FYE 2022.

<u>Non-subsidised RBD palm olein oil products</u>

Our revenue from non-subsidised RBD palm olein oil products increased by RM6.19 million or 26.54%, from RM23.32 million in FYE 2021 to RM29.51 million in FYE 2022. The increase was mainly due to:

(a) increase in revenue from non-subsidised "Sawit Emas" cooking oil of RM5.18 million or 27.80%. This was contributed by an increase in average selling price of non-subsidised "Sawit Emas" cooking oil of 46.05%, from RM3.80 per kg in FYE 2021 to RM5.55 per kg in FYE 2022, a result of the higher CPO prices.

CPO price increased from an average of RM3.06 per kg in FYE 2021 to an average of RM4.96 per kg in FYE 2022. The higher CPO price was a result of the higher demand for edible oil due to the reopening of businesses (such as hotels, restaurants, catering operators and food manufacturers) after Malaysia entered into the endemic phase of COVID-19, and lower supply of sunflower oil from Ukraine due to the Russia-Ukraine war which led to businesses using other edible oil such as RBD palm olein cooking oil.

The increase in average selling prices of non-subsidised "Sawit Emas" was partly offset by a decrease in total volume of non-subsidised "Sawit Emas" products sold of 12.45% between FYE 2021 and FYE 2022. This was because we obtained quota to sell "Sawit Emas" cooking oil under MKHMM for a longer period in FYE 2022 as compared to FYE 2021, which led to us selling more "Sawit Emas" cooking oil under MKHMM;

(b) increase in revenue from non-subsidised "Pingat Emas" lamp oil of RM1.16 million or 42.34%. This was also contributed by an:

- increase in average selling price of non-subsidised "Pingat Emas" lamp oil of 40.53%, from RM4.54 per kg in FYE 2021 to RM6.38 per kg in FYE 2022, a result of higher CPO price during FYE 2022 as compared to FYE 2021; and

- increase in volume of non-subsidised "Pingat Emas" lamp oil sold of 1.23% between FYE 2021 and FYE 2022. This was due to increased orders from existing and new customers which mainly comprised retailers and wholesalers in FYE 2022; and

(c) increase in revenue from non-subsidised unbranded cooking oil of RM0.11 million or 20.00%. This was due to an increase in average selling price of non-subsidised unbranded cooking oil of 60.64%, from RM3.43 per kg in FYE 2021 to RM5.51 per kg in FYE 2022, a result of higher CPO price during FYE 2022 as compared to FYE 2021. However, our total volume of non-subsidised unbranded cooking oil sold decreased by 25.28% between FYE 2021 and FYE 2022.

The increase in revenue from the abovementioned products was partly offset by the decrease in revenue from non-subsidised "Vitamas" cooking oil of RM0.26 million or 18.57%. This was due to lower volume sold of 42.77% between FYE 2021 and FYE 2022.

This was because we obtained quota to sell "Vitamas" cooking oil under MKHMM for a longer period in FYE 2022 as compared to FYE 2021, which led to us selling more "Vitamas" cooking oil under MKHMM.

Our average selling price of non-subsidised "Vitamas" cooking oil increased by 41.97%, from RM3.86 per kg in FYE 2021 to RM5.48 per kg in FYE 2022, a result of higher CPO price during FYE 2022.

<u>Trading of third-party products</u>

Our revenue from trading of third-party products decreased by RM0.04 million or 10.00%, from RM0.40 million in FYE 2021 to RM0.36 million in FYE 2022. This was due to lower volume of orders from our customers for such products.

<u>FYE 2023 compared to FYE 2022</u>

Our total revenue recorded an increase of RM18.50 million or 30.97%, from RM59.74 million in FYE 2022 to RM78.24 million in FYE 2023. This was due to an increase in revenue from RBD palm olein oil products.

In terms of geographical location, Selangor and Kuala Lumpur were our largest markets, collectively representing 95.51% and 97.02% of total revenue in FYE 2022 and FYE 2023, respectively.

In terms of customer segment, our higher revenue was mainly from wholesalers (RM7.75 million), food manufacturers (RM1.35 million), retailers (RM6.19 million) as well as hotel, restaurant and catering operators (RM3.21 million).

Repackaging, marketing and distribution of RBD palm olein oil products

Our RBD palm olein oil product segment was our main segment, contributing 99.40% and 99.52% to our total revenue in FYE 2022 and FYE 2023, respectively.

Our revenue from RBD palm olein oil products increased by RM18.47 million or 31.10%, from RM59.39 million in FYE 2022 to RM77.86 million in FYE 2023. This was due to an increase in revenue from non-subsidised RBD palm olein oil products of RM22.65 million in FYE 2023, and was partly offset by a decrease in revenue from subsidised RBD palm olein oil products of RM4.18 million in FYE 2023.

<u>Subsidised RBD palm olein oil products</u>

Our revenue from subsidised RBD palm olein oil products decreased by RM4.18 million or 13.99%, from RM29.88 million in FYE 2022 to RM25.70 million in FYE 2023. The decrease was due to shorter quota period obtained under MKHMM during FYE 2023 i.e. from April 2022 to June 2022. This had resulted in the following:

(a) decrease in revenue from "Sawit Emas" products under MKHMM of RM3.76 million. This was mainly due to lower sales volume of "Sawit Emas" products under MKHMM by 658.08 MT in FYE 2023, translating to a decrease of 42.15%; and

(b) decrease in revenue from "Vitamas" products under MKHMM of RM0.43 million. This was due to lower sales volume of "Vitamas" products under MKHMM by 76.72 MT in FYE 2023, translating to a decrease of 53.55%.

In FYE 2023, our revenue from products under COSS remained consistent with FYE 2022.

Non-subsidised RBD palm olein oil products

Our revenue from non-subsidised RBD palm olein oil products increased by RM22.65 million or 76.75%, from RM29.51 million in FYE 2022 to RM52.16 million in FYE 2023. The increase was mainly due to:

(a) increase in revenue from non-subsidised "Sawit Emas" cooking oil of RM20.37 million or 85.55%. This was because:

- total volume of non-subsidised "Sawit Emas" cooking oil sold increased by 72.47% between FYE 2022 and FYE 2023 as we secured more orders from approximately 340 existing customers and approximately 180 new customers who mainly comprised wholesalers, retailers as well as hotel, restaurant and catering operators. The increase in orders was largely due to our sales efforts in meeting existing and potential new customers and receiving referrals from existing customers; and

- average selling price of non-subsidised "Sawit Emas" cooking oil increased by 7.57% from RM5.55 per kg in FYE 2022 to RM5.97 per kg in FYE 2023. We increased the selling price of various packaging sizes and types (i.e. 1kg, 2kg and 5kg bottles) of non-subsidised "Sawit Emas" cooking oil charged to customers in FYE 2023. This was our pricing strategy to gradually passed on the rising purchase price of RBD palm olein oil during FYE 2022 to customers over the span of FYE 2022 and FYE 2023. The rising purchase price of RBD palm olein oil during FYE 2022 was attributable to higher CPO prices as explained in revenue commentary for FYE 2022 compared to FYE 2021.

(b) increase in revenue from non-subsidised "Vitamas" cooking oil of RM1.76 million or 154.39%. This was because:

- total volume of non-subsidised "Vitamas" cooking oil sold increased by 139.74% between FYE 2022 and FYE 2023 as there was an increase in orders from new and existing customers who mainly comprised wholesalers as well as hotel, restaurant and catering operators. The increase in orders was largely due to our sales efforts in meeting existing and potential new customers and receiving referrals from existing customers; and

- average selling price of non-subsidised "Vitamas" cooking oil increased by 5.84%, from RM5.48 per kg in FYE 2022 to RM5.80 per kg in FYE 2023.The higher average selling price of non-subsidised "Vitamas" cooking oil was due to more 17kg jerry cans being sold in FYE 2023 which have higher selling price compared to 3kg or 5kg bottles.

In addition, selling prices of RBD palm olein cooking oil (particularly for 17kg tin cans and jerry cans) were gradually increased in response to the increase in purchase prices of RBD palm olein oil in FYE 2022.

(c) increase in revenue from non-subsidised unbranded cooking oil of RM0.61 million or 92.42%. This was because total volume of unbranded cooking oil sold increased by 99.25% between FYE 2022 and FYE 2023 as there were more orders received from food manufacturers.

The increase in revenue from this product segment was partly offset by the decrease in average selling price of unbranded cooking oil of 3.45% from RM5.51 per kg in FYE 2022 to RM5.32 per kg in FYE 2023.

Based on our mutual understanding with our customers, who are mainly food manufacturers, the average selling price of non-subsidised unbranded cooking oil typically fluctuates according to prevailing CPO prices. As such, CPO prices declined from an average of RM4.96 per kg in FYE 2022 to RM4.61 per kg in FYE 2023, the average selling prices of unbranded cooking oil had declined accordingly.

The increase in revenue from the abovementioned products was partly offset by a decrease in revenue from "Pingat Emas" lamp oil of RM0.10 million between FYE 2022 and FYE 2023. This was because the volume of "Pingat Emas" lamp oil sold declined by 12.40% during the period.

During FYE 2023, our average selling price of "Pingat Emas" lamp oil increased by 11.44%, from RM6.38 per kg in FYE 2022 to RM7.11 per kg in FYE 2023 as the selling price of RBD palm olein lamp oil in FYE 2023 were gradually increased in response to the increase in purchase prices of RBD palm olein oil in FYE 2022.

Trading of third-party products

Our revenue from trading of third-party products increased by RM0.02 million or 5.56%, from RM0.36 million in FYE 2022 to RM0.38 million in FYE 2023. This was attributable to higher volume of orders for margarine from our existing customers.

FYE 2024 compared to FYE 2023

Our total revenue recorded an increase of RM1.34 million or 1.71%, from RM78.24 million in FYE 2023 to RM79.58 million in FYE 2024. This was due to an increase in revenue from RBD palm olein oil products.

In terms of geographical location, Selangor and Kuala Lumpur remained as our largest markets, collectively representing 97.02% and 97.66% of total revenue in FYE 2023 and FYE 2024, respectively.

In terms of customer segment, our higher revenue was from hotel, restaurant and catering operators (RM2.90 million) and wholesalers (RM1.69 million), and this was offset by the lower revenue from food manufacturers (RM2.75 million) and retailers (RM0.50 million).

Repackaging, marketing and distribution of RBD palm olein oil products

Our RBD palm olein oil product segment was our main segment, contributing 99.52% and 99.58% to our total revenue in FYE 2023 and FYE 2024, respectively.

Our revenue from RBD palm olein oil products increased by RM1.39 million or 1.79%, from RM77.86 million in FYE 2023 to RM79.25 million in FYE 2024. This was due to an increase in revenue from non-subsidised RBD palm olein oil products of RM5.68 million in FYE 2024, and was partly offset by a decrease in revenue from subsidised RBD palm olein oil products of RM4.30 million in FYE 2024.

Subsidised RBD palm olein oil products

Our revenue from subsidised RBD palm olein oil products decreased by RM4.30 million or 16.73%, from RM25.70 million in FYE 2023 to RM21.40 million in FYE 2024. The decrease was due to shorter quota period obtained under MKHMM during FYE 2024, i.e. from 10 April 2023 to 30 April 2023 for FYE 2024 (FYE 2023: 2 months from April 2022 to June 2022). This had resulted in the following:

(a) decrease in revenue from "Sawit Emas" products under MKHMM of RM4.04 million. This was mainly due to lower sales volume of "Sawit Emas" products under MKHMM by 703.50 MT in FYE 2024, translating to a decrease of 77.88%; and

(b) decrease in revenue from "Vitamas" products under MKHMM of RM0.35 million. This was due to lower sales volume of "Vitamas" products under MKHMM by 62.35 MT in FYE 2024, translating to a decrease of 93.69%.

This was partially offset by a marginal increase in revenue from products sold under COSS of RM0.09 million or 0.45% from RM20.22 million in FYE 2023 to RM20.31 million in FYE 2024.

<u>Non-subsidised RBD palm olein oil products</u>

Our revenue from non-subsidised RBD palm olein oil products increased by RM5.68 million or 10.89%, from RM52.16 million in FYE 2023 to RM57.84 million in FYE 2024. The increase was mainly due to the following:

(a) increase in revenue from non-subsidised "Sawit Emas" cooking oil of RM4.82 million or 10.91%. This was contributed by an increase in total volume of non-subsidised "Sawit Emas" cooking oil sold of 2,144.15 MT or 28.99% in FYE 2024 as we secured more orders from approximately 634 existing customers and approximately 254 new customers who mainly comprised wholesalers, hotel, restaurant and catering operators.

The increase in total volume of non-subsidised "Sawit Emas" cooking oil was partly offset by a decrease in average selling price of non-subsidised "Sawit Emas" cooking oil of 13.90% from RM5.97 per kg in FYE 2023 to RM5.14 per kg in FYE 2024, as a result of lower CPO prices in FYE 2024 where the selling prices of RBD palm olein cooking oil were decreased following the decrease in purchase prices of RBD palm olein oil in FYE 2024.

CPO price decreased from an average of RM4.61 per kg in FYE 2023 to an average of RM3.83 per kg in FYE 2024. The lower CPO price in FYE 2024 was a result of the gradual rise in palm oil production and stock levels of CPO within Malaysia and lower demand for vegetable oils from China as well as competition from other types of vegetable oils that led to lower demand for CPO.

(b) increase in revenue from non-subsidised "Vitamas" cooking oil of RM0.84 million or 28.97%. This was contributed by an increase in total volume of non-subsidised "Vitamas" cooking oil sold of 221.04 MT or 44.19% in FYE 2024 as there was an increase in orders from new and existing customers who mainly comprised wholesalers as well as hotel, restaurant and catering operators.

The increase in total volume of non-subsidised "Vitamas" cooking oil was partly offset by a decrease in average selling price of non-subsidised "Vitamas" cooking oil of 10.69%, from RM5.80 per kg in FYE 2023 to RM5.18 per kg in FYE 2024, as a result of lower CPO prices in FYE 2024 where the selling prices of RBD palm olein cooking oil were decreased following the decrease in purchase prices of RBD palm olein oil in FYE 2024.

(c) increase in revenue from non-subsidised unbranded cooking oil of RM0.47 million or 37.01%. This was contributed by the increase in total volume of unbranded cooking oil sold by 64.53% between FYE 2023 and FYE 2024 as there were more orders received from food manufacturers.

The increase in revenue from this product segment was partly offset by the decrease in average selling price of unbranded cooking oil of 16.73% from RM5.32 per kg in FYE 2023 to RM4.43 per kg in FYE 2024. As CPO prices declined from an average of RM4.61 per kg in FYE 2023 to an average of RM3.83 per kg in FYE 2024, the average selling prices of unbranded cooking oil had declined accordingly.

The increase in revenue from the abovementioned products was partly offset by a decrease in revenue from "Pingat Emas" lamp oil of RM0.43 million between FYE 2023 and FYE 2024. This was because the average selling price of "Pingat Emas" lamp oil sold declined by 13.22% during the period because of lower CPO prices.

During FYE 2024, our total volume of "Pingat Emas" lamp oil sold increased by 10.94 MT or 2.04%, as there were more orders received from retail customers.

Trading of third-party products

Our revenue from trading of third-party products decreased by RM0.04 million or 10.53%, from RM0.38 million in FYE 2023 to RM0.34 million in FYE 2024. This was attributable to lower volume of orders for margarine received from our customers.

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12.3.3 Cost of sales

(i) Cost of sales by business activities

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

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
<u>Subsidised RBD palm olein oil</u>								
Sawit Emas								
-COSS	15,806	42.56	17,070	32.98	17,441	26.33	16,881	25.25
-MKHMM	-	-	6,346	12.26	3,830	5.78	798	1.19
Vitamas (MKHMM)	-	-	572	1.11	281	0.42	17	0.03
	15,806	**42.56**	**23,988**	**46.35**	**21,552**	**32.53**	**17,696**	**26.47**
<u>Non-subsidised RBD palm olein oil</u>								
Sawit Emas	17,009	45.79	22,469	43.42	37,913	57.23	41,597	62.22
Vitamas	1,285	3.46	1,105	2.13	2,568	3.87	3,169	4.74
Pingat Emas	2,197	5.91	3,295	6.37	2,735	4.13	2,504	3.75
Unbranded (IBC)	516	1.39	595	1.15	1,151	1.74	1,591	2.38
	21,007	**56.55**	**27,464**	**53.07**	**44,367**	**66.97**	**48,861**	**73.09**
Repackaging, marketing and distribution of RBD palm olein oil products	**36,813**	**99.11**	**51,452**	**99.42**	**65,919**	**99.50**	**66,557**	**99.56**
Trading of third-party products	**329**	**0.89**	**299**	**0.58**	**332**	**0.50**	**295**	**0.44**
Total cost of sales	**37,142**	**100.00**	**51,751**	**100.00**	**66,251**	**100.00**	**66,852**	**100.00**

(ii) Cost of sales by cost items

The table below sets out the breakdown of our Group's cost of sales by cost items:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Purchases [(1)(2)]	36,381	97.95	51,045	98.64	65,394	98.71	66,142	98.94
Direct labour	761	2.05	706	1.36	857	1.29	710	1.06
Total	**37,142**	**100.00**	**51,751**	**100.00**	**66,251**	**100.00**	**66,852**	**100.00**

Notes:

(1) The breakdown of purchases are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
RBD palm olein oil	33,331	91.62	47,035	92.14	60,460	92.45	61,273	92.64
Packaging materials	2,721	7.48	3,711	7.27	4,602	7.04	4,574	6.91
Others [(a)]	329	0.90	299	0.59	332	0.51	295	0.45
Total purchases	**36,381**	**100.00**	**51,045**	**100.00**	**65,394**	**100.00**	**66,142**	**100.00**

Note:

(a) Others include third-party products such as margarine.

(2) Total volume of RBD palm olein oil purchased by our Group for the FYEs Under Review are as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	kg	**kg**	**kg**	**kg**
RBD palm olein oil	13,799,320	15,171,490	17,923,400	19,802,630

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(iii) Average cost per kg of our RBD palm olein oil products

The average cost per kg for each of the product under the repackaging, marketing and distribution of RBD palm olein oil products for the FYEs Under Review are as follows:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	Cost of sales (RM'000)	**Average cost per kg [(1)] (RM)**	**Cost of sales (RM'000)**	**Average cost per kg [(1)] (RM)**	**Cost of sales (RM'000)**	**Average cost per kg [(1)] (RM)**	**Cost of sales (RM'000)**	**Average cost per kg [(1)] (RM)**
<u>Subsidised RBD palm olein oil</u>								
Sawit Emas								
- COSS	15,806	2.00	17,070	2.03	17,441	2.08	16,881	2.01
- MKHMM	-	-	6,346	4.06	3,830	4.24	798	3.99
Vitamas	-	-	572	3.99	281	4.22	17	4.05
<u>Non-subsidised RBD palm olein oil</u>								
Sawit Emas	17,009	3.47	22,469	5.24	37,913	5.13	41,597	4.36
Vitamas	1,285	3.52	1,105	5.30	2,568	5.13	3,169	4.39
Pingat Emas	2,197	3.64	3,295	5.39	2,735	5.11	2,504	4.59
Unbranded (IBC)	516	3.22	595	4.97	1,151	4.83	1,591	4.05

<u>Note</u>:

(1) Average cost per kg was computed based on total costs over total volume (kg) sold for each product during the respective FYE Under Review.

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(iv) GP and GP margin

The table below presents the breakdown of our GP and GP margin by business activities and products:

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
GP	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Subsidised RBD palm olein oil								
Sawit Emas								
- COSS	3,047	56.09	3,135	39.23	2,777	23.17	3,426	26.91
- MKHMM	-	-	2,523	31.57	1,279	10.67	276	2.17
Vitamas (MKHMM)	-	-	231	2.89	93	0.78	6	0.05
	3,047	**56.09**	**5,889**	**73.69**	**4,149**	**34.62**	**3,708**	**29.13**
Non-subsidised RBD palm olein oil								
Sawit Emas	1,618	29.79	1,338	16.74	6,270	52.32	7,404	58.16
Vitamas	121	2.23	38	0.48	334	2.79	568	4.46
Pingat Emas	541	9.96	604	7.56	1,067	8.9	863	6.78
Unbranded (IBC)	33	0.61	64	0.8	119	0.99	147	1.15
	2,313	**42.59**	**2,044**	**25.58**	**7,790**	**65.00**	**8,982**	**70.55**
Repackaging, marketing and distribution of RBD palm olein oil products	**5,360**	**98.68**	**7,933**	**99.27**	**11,939**	**99.62**	**12,690**	**99.68**
Trading of third-party products	**72**	**1.32**	**58**	**0.73**	**46**	**0.38**	**41**	**0.32**
Total GP	**5,432**	**100.00**	**7,991**	**100.00**	**11,985**	**100.00**	**12,731**	**100.00**

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GP margin	FYE 2021 %	FYE 2022 %	FYE 2023 %	FYE 2024 %
<u>Subsidised RBD palm olein oil</u>				
Sawit Emas				
- COSS	16.16	15.52	13.74	16.87
- MKHMM	-	28.45	25.03	25.70
Vitamas (MKHMM)	-	28.77	24.87	26.09
	16.16	**19.71**	**16.14**	**17.32**
<u>Non-subsidised RBD palm olein oil</u>				
Sawit Emas	8.69	5.62	14.19	15.11
Vitamas	8.61	3.32	11.51	15.20
Pingat Emas	19.76	15.49	28.06	25.63
Unbranded (IBC)	6.01	9.71	9.37	8.46
	9.92	**6.93**	**14.94**	**15.53**
Repackaging, marketing and distribution of RBD palm olein oil products	**12.71**	**13.36**	**15.33**	**16.01**
Trading of third-party products	**17.96**	**16.25**	**12.17**	**12.20**
Overall GP margin	**12.76**	**13.38**	**15.32**	**16.00**

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(v) Commentary on cost of sales, segmental analysis by GP and GP margin

The cost of sales for the FYEs Under Review was largely contributed by our repackaging, marketing and distribution of RBD palm olein oil products representing between 99.11% and 99.56% of the total cost of sales. Our cost of sales varies in tandem with the increase or decrease in sales volume of the products sold and average cost per kg.

Purchases (refers to RBD palm olein oil, packaging materials such as jerry cans, tin cans, polybags and bottles; as well as traded products for our trading of third-party products segment) was the largest component of our total cost of sales, representing between 97.95% and 98.94% of our total cost of sales for the FYEs Under Review.

The cost of sales attributable to purchases of the RBD palm olein oil is largely determined by market prices of RBD palm olein oil (depending on the price movement of crude palm oil (CPO) because CPO is the main input for the production of cooking oil (palm olein)). The cost of sales attributable to purchases of margarine under trading of third-party products segment is determined by the purchase price of the margarine.

Direct labour was our second largest component of our total cost of sales, representing between 1.06% and 2.05% of our total cost of sales for the FYEs Under Review. The cost of sales attributable to direct labour is dependent on the number of workers and hours required in the repackaging of our RBD palm olein oil products.

Our overall GP margin varies depending on fluctuation in CPO prices, monthly subsidised RBD palm olein oil from the Government and our direct labour cost during the FYEs Under Review. During the FYEs Under Review, the fluctuations in our overall GP margins were mainly contributed by GP margin fluctuations for the sale of non-subsidised RBD palm olein oil (which in turn was affected by the average selling price and average CPO price).

The GP margin for the subsidised RBD palm olein oil was affected by the average selling price, average CPO price and subsidies received from the Government, while the GP margin for the trading of third-party products was affected by our average selling price and average purchase price. We may not pass on the full incremental cost to customers in any period. Instead, we may from time to time adjust the average selling price of our RBD palm olein oil products.

In general, the GP margin for our non-subsidised RBD palm olein oil products "Sawit Emas" and "Vitamas" brands are lower as compared to subsidised RBD palm olein oil "Sawit Emas" and "Vitamas" brands as we do not receive subsidies from the Government for the non-subsidised RBD palm olein oil products sold and our average selling price fluctuates in tandem with CPO prices.

Our non-subsidised lamp oil sold under "Pingat Emas" has higher GP margin as compared to non-subsidised RBD palm olein oil cooking oil sold under "Sawit Emas" and "Vitamas" brands as the average selling price for "Pingat Emas" products are generally higher as compared to average selling price of RBD palm olein cooking oil in view that lamp oil is not considered a controlled good by the Government and there are no ceiling prices set for lamp oil whilst there is a ceiling price set by the Government for RBD palm olein cooking oil.

FYE 2022 compared to FYE 2021

Cost of sales

Our total cost of sales increased by RM14.61 million or 39.34%, from RM37.14 million in FYE 2021 to RM51.75 million in FYE 2022. This was attributable to the higher cost of sales from repackaging, marketing and distribution of RBD palm olein oil products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our cost of sales for repackaging, marketing and distribution of RBD palm olein oil products increased by RM14.64 million or 39.77%, from RM36.81 million in FYE 2021 to RM51.45 million in FYE 2022. This was in tandem with the increase in our revenue generated from repackaging, marketing and distribution of RBD palm olein oil products of 40.83% in FYE 2022. This was due to:

(a) increase in the purchases of RM14.70 million or 40.78%, from RM36.05 million in FYE 2021 to RM50.75 million in FYE 2022. This was largely due to higher volume of RBD palm olein oil sold during in FYE 2022, which was in tandem with the increase in our revenue from repackaging, marketing and distribution of RBD palm olein oil products of 40.83% in FYE 2022; and

(b) increase in average CPO prices in FYE 2022 of 62.09%, from an average of RM3.06 per kg in FYE 2021 to RM4.96 per kg in FYE 2022. This led to higher average cost of sales per kg across various product brands and categories.

We were able to partially pass on the incremental purchases cost to customers in FYE 2022, leading to higher average selling prices of RBD palm olein oil products in FYE 2022 as compared to FYE 2021.

The increase in purchases was offset by the decrease in direct labour of RM0.06 million or 7.89%, from RM0.76 million in FYE 2021 to RM0.70 million in FYE 2022. The decrease was mainly because there was relatively lower number of employees working during the financial year.

In terms of the average cost of sales per kg by product brands, subsidised "Sawit Emas" cooking oil, non-subsidised "Sawit Emas" cooking oil, non-subsidised "Vitamas" cooking oil, "Pingat Emas" lamp oil and non-subsidised unbranded cooking oil experienced increase in average cost of sales per kg of 1.50%, 51.01%, 50.57%, 48.08% and 54.35%, respectively, between FYE 2021 and FYE 2022.

Trading of third-party products

Our cost of sales for the trading of third-party products decreased by RM0.03 million or 9.09% from RM0.33 million in FYE 2021 to RM0.30 million in FYE 2022. This was because purchases of third-party products fell by 9.09% between FYE 2021 and FYE 2022 due to lower volume of orders sold in FYE 2022.

GP

Our total GP increased by RM2.56 million and our overall GP margin increased from 12.76% in FYE 2021 to 13.38% in FYE 2022. The increase in GP was contributed by the increase in the GP from the repackaging, marketing and distribution of RBD palm olein oil products.

The increase in GP margins was contributed by higher GP margins from both the repackaging, marketing and distribution of RBD palm olein oil products and trading of third-party products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our GP from the repackaging, marketing and distribution of RBD palm olein oil products increased by RM2.57 million or 47.95%, from RM5.36 million in FYE 2021 to RM7.93 million in FYE 2022. This was due to higher GP from "Sawit Emas" products under MKHMM of RM2.52 million and "Vitamas" products under MKHMM of RM0.23 million in FYE 2022.

The GP margin for RBD palm olein oil products increased from 12.71% in FYE 2021 to 13.36% in FYE 2022. This was due to higher sales of "Sawit Emas" MKHMM products and "Vitamas" products under MKHMM, both of which yielded higher GP margin (i.e. 28.45% and 28.77% respectively). The higher GP margin for these products was due to price subsidies received under MKHMM programme in FYE 2022. The subsidy received under MKHMM programme in FYE 2022 was RM3.30 million as compared to nil in FYE 2021. Hence, this resulted in higher overall GP margin in FYE 2022 as compared to FYE 2021.

The higher GP and GP margin from "Sawit Emas" and "Vitamas" products under MKHMM were partly offset by the lower GP and GP margin from non-subsidised "Sawit Emas" cooking oil of RM0.28 million. The GP margin from non-subsidised "Sawit Emas" cooking oil decreased from 8.69% in FYE 2021 to 5.62% in FYE 2022. This was because we were not able to fully pass on the increase in average costs per kg of RBD palm olein oil to customers.

Meanwhile, our GP margin for non-subsidised "Vitamas" cooking oil and non-subsidised "Pingat Emas" lamp oil declined to 3.32% and 15.49% respectively in FYE 2022. This was due to higher average purchase prices of RBD palm olein oil in FYE 2022 as compared to FYE 2021, and we were not able to pass on the entire increase in purchase prices to customers.

Trading of third-party products

Our GP from the trading of third-party products decreased by RM0.01 million or 14.29%, from RM0.07 million in FYE 2021 to RM0.06 million in FYE 2022. This was due to the higher volume of margarine brands that had lower GP margins being sold to our customers in FYE 2022. Hence, the GP margin for the trading of third-party products decreased from 17.96% in FYE 2021 to 16.25% in FYE 2022.

FYE 2023 compared to FYE 2022

Cost of sales

Our total cost of sales increased by RM14.50 million or 28.02%, from RM51.75 million in FYE 2022 to RM66.25 million in FYE 2023. This was due to the higher cost of sales from repackaging, marketing and distribution of RBD palm olein oil products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our cost of sales for RBD palm olein oil products increased by RM14.47 million or 28.12%, from RM51.45 million in FYE 2022 to RM65.92 million in FYE 2023. The increase was due to:

(a) increase in purchases of RM14.31 million or 28.20%, from RM50.75 million in FYE 2022 to RM65.06 million in FYE 2023. This was due to higher total volume of RBD palm olein oil products sold during FYE 2023, in tandem with the increase in our revenue from this product segment of 31.10% in FYE 2023; and

(b) increase in direct labour cost of RM0.16 million or 22.86%, from RM0.70 million in FYE 2022 to RM0.86 million in FYE 2023 due to salary adjustments for employees following higher minimum wages imposed by the Government.

Nevertheless, this was partly offset by a decrease in average purchase prices of non-subsidised RBD palm olein oil prices due to lower CPO prices in FYE 2023.

Cost of sales per kg of non-subsidised "Sawit Emas" cooking oil, non-subsidised "Vitamas" cooking oil, "Pingat Emas" lamp oil and non-subsidised unbranded cooking oil fell by 2.10%, 3.21%, 5.19% and 2.82% respectively, between FYE 2022 and FYE 2023.

Trading of third-party products

Our cost of sales for the trading of third-party products increased by RM0.03 million or 10.00%, from RM0.30 million in FYE 2022 to RM0.33 million in FYE 2023. This is due to an increase in orders from our customers and higher purchase prices of margarine in FYE 2023. We were able to pass on the incremental cost to customers partially in FYE 2023.

GP

Our total GP increased by RM4.00 million and our overall GP margin increased from 13.38% in FYE 2022 to 15.32% in FYE 2023. The increase in GP was contributed by the increase in the GP from the repackaging, marketing and distribution of RBD palm olein oil products. The increase in GP margins was contributed by higher GP margins from the repackaging, marketing and distribution of RBD palm olein oil products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our GP from RBD palm olein oil products increased by RM4.01 million or 50.57%, from RM7.93 million in FYE 2022 to RM11.94 million in FYE 2023. This was in tandem with the increase in our revenue from this product segment of 31.10% in FYE 2023.

Meanwhile, the GP margin for repackaging, marketing and distribution of RBD palm olein oil products increased from 13.36% in FYE 2022 to 15.33% in FYE 2023. This was due to:

(a) higher GP from non-subsidised "Sawit Emas" cooking oil of RM4.93 million and non-subsidised "Vitamas" cooking oil of RM0.30 million. This was due to the higher total volume of these products sold in FYE 2023; and

(b) higher average selling price for "Pingat Emas" lamp oil in FYE 2023 as the selling price of RBD palm olein lamp oil was gradually increased in FYE 2023 in response to the increase in purchase prices of RBD palm olein oil in FYE 2022, while average purchase prices of RBD palm olein oil was lower in FYE 2023.

The increase in GP margin was partly offset by a decrease in GP margins for subsidised RBD palm olein oil products from 19.71% in FYE 2022 to 16.14% in FYE 2023. This was because of:

(a) higher direct labour costs per kg from an average labour cost of RM0.046 kg in FYE 2022 to RM0.048 per kg in FYE 2023, due to higher minimum wages imposed by the Government in FYE 2023. As the selling price for subsidised RBD palm olein oil products have a ceiling price imposed by the Government, we could not pass on the increase in labour costs to our customers;

(b) increase in the cost of packaging materials at RM0.26 per kg in FYE 2023 as compared to RM0.24 kg in FYE 2022, and we absorbed the increased cost of packaging materials for subsidised RBD palm olein oil products as we were unable to increase the selling price due to the retail price is fixed by the Government; and

(c) lower price subsidies received under the MKHMM programme in FYE 2023.

Trading of third-party products

Our GP from the trading of third-party products decreased by RM0.01 million or 16.67%, from RM0.06 million in FYE 2022 to RM0.05 million in FYE 2023.

Our GP margin for the trading of third-party products also decreased from 16.25% in FYE 2022 to 12.17% in FYE 2023. This was due to higher purchase prices of third-party products, and the increase in cost was not fully passed on to our customers.

FYE 2024 compared to FYE 2023

Cost of sales

Our total cost of sales increased by RM0.60 million or 0.91%, from RM66.25 million in FYE 2023 to RM66.85 million in FYE 2024. This was due to the higher cost of sales from repackaging, marketing and distribution of RBD palm olein oil products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our cost of sales for RBD palm olein oil products increased by RM0.64 million or 0.97%, from RM65.92 million in FYE 2023 to RM66.56 million in FYE 2024. The increase was due to an increase in purchases of RM0.75 million or 1.15%, from RM65.39 million in FYE 2023 to RM66.14 million in FYE 2024. This was due to higher total volume of RBD palm olein oil products sold during FYE 2024, in tandem with the increase in our revenue from this product segment of 1.79% in FYE 2024.

This was offset by the following:

(i) a decrease in direct labour cost of RM0.15 million or 17.44%, from RM0.86 million in FYE 2023 to RM0.71 million in FYE 2024 due to recategorisation of some employees expenses from direct labour costs to administrative expenses in FYE 2024; and

(ii) a decrease in average purchase prices of non-subsidised RBD palm olein oil prices due to lower CPO prices in FYE 2024.

Cost of sales per kg of non-subsidised "Sawit Emas" cooking oil, non-subsidised "Vitamas" cooking oil, "Pingat Emas" lamp oil and non-subsidised unbranded cooking oil fell by 0.15%, 0.14%, 0.10% and 0.16% respectively, between FYE 2023 and FYE 2024.

Trading of third-party products

Our cost of sales for the trading of third-party products decreased by RM0.04 million or 12.12%, from RM0.33 million in FYE 2023 to RM0.29 million in FYE 2024. This was due to decrease in orders from our customers.

GP

Our total GP increased by RM0.74 million and our overall GP margin increased from 15.32% in FYE 2023 to 16.00% in FYE 2024. The increase in GP was contributed by the increase in the GP from the repackaging, marketing and distribution of RBD palm olein oil products. The increase in GP margins was contributed by higher GP margins from the repackaging, marketing and distribution of RBD palm olein oil products.

Repackaging, marketing and distribution of RBD palm olein oil products

Our GP from RBD palm olein oil products increased by RM0.75 million or 6.28%, from RM11.94 million in FYE 2023 to RM12.69 million in FYE 2024. This was in tandem with the increase in our revenue from this product segment of 1.79% in FYE 2024.

Meanwhile, the GP margin for repackaging, marketing and distribution of RBD palm olein oil products increased from 15.33% in FYE 2023 to 16.01% in FYE 2024. This was due to:

(a) higher GP from non-subsidised "Sawit Emas" cooking oil of RM1.13 million and non-subsidised "Vitamas" cooking oil of RM0.24 million. This was due to the higher total volume of these products sold in FYE 2024; and

(b) higher GP margins for subsidised RBD palm olein oil products from 16.14% in FYE 2023 to 17.32% in FYE 2024. This was because of:

(i) lower direct labour costs per kg from an average labour cost of RM0.048 kg in FYE 2023 to RM0.036 per kg in FYE 2024, due to recategorisation of some employees expenses from direct labour costs to administrative expenses in FYE 2024; and

(ii) decrease in the cost of packaging materials at RM0.23 per kg in FYE 2024 as compared to RM0.26 per kg in FYE 2023 attributable to the lower market price for corrugated paper (which was used to produce the boxes to pack our products) in FYE 2023 driven by low demand and reduced orders globally.

Trading of third-party products

Our GP from the trading of third-party products decreased by RM0.01 million or 20.00%, from RM0.05 million in FYE 2023 to RM0.04 million in FYE 2024. Our GP margin for the trading of third-party products increased slightly from 12.17% in FYE 2023 to 12.20% in FYE 2024.

12.3.4 Other income

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Management fees (1)	-	-	-	-	110	16.54	-	-
Gain on disposal of property, plant and equipment (2)	395	60.40	96	25.88	176	26.47	679	58.79
Interest income (3)	105	16.06	85	22.91	186	27.97	297	25.71
Rental income (4)	132	20.18	138	37.20	120	18.04	100	8.66
Other (5)	22	3.36	52	14.01	73	10.98	79	6.84
Total	**654**	**100.00**	**371**	**100.00**	**665**	**100.00**	**1,155**	**100.00**

Notes:

(1) Management fees refer to fees charged by SCSM to Sik Cheong Management Sdn Bhd (now known as Thrive Properties) for providing finance and administrative services. Such service was terminated on 31 March 2023.

(2) Gain on disposal of plant and equipment relates mainly to the gain on disposal of motor vehicles during respective FYEs Under Review.

(3) Interest income comprised interest received from fixed deposit as well as money market instruments.

(4) Rental income mainly derived by SCEO from the rental of Factory No. 9 and a shop office, bearing the postal address of No. 31G, Jalan 6/10, Kg Tasek Tambahan, 68000 Ampang, Selangor, to third parties. Both properties were recorded as investment properties in our books. Factory No. 9 was reclassified to property, plant and equipment in FYE 2024 as our Group plans to use Factory No. 9 to accommodate future expansion of our repackaged RBD palm olein oil business and our intended new venture into the repackaging of high oleic soybean oil, which will require additional space.

In FYE 2023, additional rental from a shop office, bearing the postal address of No. 31-A, Jalan 6/10, Kg Tasek Tambahan, 68000 Ampang was recorded. The tenancy was terminated on 30 September 2023 and used as a hostel to house 1 Malaysian worker.

The abovementioned Factory No. 9 was rented out to a third party from 1 April 2020 until 31 December 2022. Our Group intends to rebuild Factory No. 9. Please refer to Section 4.8 of this Prospectus for further details on the utilisation of proceeds from our IPO.

(5) Others mainly comprised income received from scrap sales, credit card rebate, insurance refund from the disposed motor vehicles and weighbridge service charges to customers.

<u>FYE 2022 compared to FYE 2021</u>

Our other income decreased by RM0.28 million or 43.08% from RM0.65 million in FYE 2021 to RM0.37 million in FYE 2022 mainly due to a decrease in gain on disposal of property, plant and equipment of RM0.30 million. During FYE 2022, we disposed of 2 units of motor vehicles as compared to 8 units of motor vehicles and 2 units of machines in FYE 2021.

<u>FYE 2023 compared to FYE 2022</u>

Our other income increased by RM0.30 million or 81.08% from RM0.37 million in FYE 2022 to RM0.67 million in FYE 2023 mainly due to the following items:

(i) an increase in administrative fees of RM0.11 million charged to Thrive Properties for providing administrative support. Such service was terminated on 31 March 2023;

(ii) an increase in interest income of RM0.10 million, mainly due to higher interest received from money market instruments; and

(iii) an increase in gain on disposal of property, plant and equipment of RM0.08 million mainly for 3 units of motor vehicles disposed of in FYE 2023.

<u>FYE 2024 compared to FYE 2023</u>

Our other income increased by RM0.49 million or 73.13% from RM0.67 million in FYE 2023 to RM1.16 million in FYE 2024 mainly due to an increase in gain on disposal of property, plant and equipment of RM0.50 million. During FYE 2024, we disposed of 9 units of motor vehicles.

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12.3.5 Selling and distribution expenses

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Petrol, parking and toll	255	61.89	257	64.41	291	65.99	337	67.13
Upkeep of motor vehicle	157	38.11	142	35.59	150	34.01	165	32.87
Total	**412**	**100.00**	**399**	**100.00**	**441**	**100.00**	**502**	**100.00**

Selling and distribution expenses are incurred to deliver our products from our packaging facility to our customers' premises. Our selling and distribution expenses fluctuate in tandem with revenue as we deliver our products to our customers at their request.

12.3.6 Administrative expenses

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs (1)	1,054	32.41	1,449	39.30	1,897	45.22	2,881	52.96
Directors' remuneration	695	21.37	764	20.72	890	21.22	779	14.32
Depreciation and amortisation	708	21.77	833	22.60	817	19.48	897	16.49
Travelling and accommodation	170	5.23	145	3.93	144	3.43	139	2.55
Office expenses (2)	132	4.06	152	4.12	142	3.38	180	3.31
Marketing expenses (3)	144	4.43	107	2.90	100	2.38	144	2.65
Upkeep and maintenance (4)	143	4.40	149	4.04	93	2.22	207	3.80
Professional fee (5)	31	0.95	43	1.17	76	1.81	170	3.13
Rental expenses (6)	122	3.75	-	-	-	-	3	0.05
Other (7)	53	1.63	45	1.22	36	0.86	40	0.74
Total	**3,252**	**100.00**	**3,687**	**100.00**	**4,195**	**100.00**	**5,440**	**100.00**

Notes:

(1) Staff costs comprised staff salaries, wages, bonuses, employee contributions, and other staff related expenses such as staff welfare, medical fees and training expenses.

(2) Office expenses comprised mainly license fees, utilities for office and packaging facility, printing, courier and stationery.

(3) Marketing expenses comprised entertainment expenses, gifts to customers and commission to sales agent.

(4) Upkeep and maintenance comprised mainly maintenance expenses for packaging facility, office, plant and machinery, tools and equipment as well as office equipment.

(5) Professional fees comprised mainly fees incurred for audit, company secretarial, legal and tax.

(6) Rental expenses relate to short-term leases of less than 12 months on our rented office and 1 unit of rented air cooler.

(7) Others refer to expenses mainly incurred for service tax and charges, bank charges and bad debts written off.

FYE 2022 compared to FYE 2021

Administrative expenses increased by RM0.44 million or 13.54%, from RM3.25 million in FYE 2021 to RM3.69 million in FYE 2022 mainly attributable to:

(i) increase in staff costs of RM0.40 million, mainly due to higher salaries from salary adjustment to existing staff and higher bonus payout; and

(ii) increase in depreciation of RM0.12 million, due to higher depreciation of right-of-use assets from the rental obligation for Factory No. 11.

The increase in administrative expenses was offset by a decrease in rental expenses of RM0.12 million following a two-year tenancy agreement entered for Factory No. 11 which was classified as right-of-use assets in FYE 2022.

FYE 2023 compared to FYE 2022

Administrative expenses increased by RM0.51 million or 13.82%, from RM3.69 million in FYE 2022 to RM4.20 million in FYE 2023 attributable to:

(i) increase in staff costs of RM0.45 million, mainly due to higher salaries from salary adjustment to existing staff and higher bonus payout; and

(ii) increase in directors' remuneration of RM0.13 million, mainly due to higher bonus payout to executive directors in line with growth in revenue.

The increase in administrative expenses was offset by a decrease in upkeep and maintenance of RM0.06 million in FYE 2023. In FYE 2022, we refurbished our goods hoist lift (also commonly known as cargo lift) at Factory No. 11 but the same was not done in FYE 2023.

FYE 2024 compared to FYE 2023

Administrative expenses increased by RM1.24 million or 29.52%, from RM4.20 million in FYE 2023 to RM5.44 million in FYE 2024 mainly attributable to:

(i) increase in staff costs of RM0.98 million, mainly due to salaries for increased headcount during the year and recategorisation of some employees expenses from direct labour costs to administrative expenses in FYE 2024; and

(ii) increase in upkeep and maintenance of RM0.12 million, mainly due to regular maintenance for our packaging facility, and plant and machinery during the year.

12.3.7 Finance costs

	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:								
Bank overdraft	*	-	-	-	-	-	-	-
Lease liabilities	5	100.00	15	100.00	9	100.00	6	100.00
Total	**5**	**100.00**	**15**	**100.00**	**9**	**100.00**	**6**	**100.00**

Note:
* Negligible.

FYE 2022 compared to FYE 2021

Our total finance costs increased by RM9.681.98 or 185.47% from RM5,220.10 in FYE 2021 to RM14,902.08 in FYE 2022, attributable to the increase in interest expense on lease liabilities of the rented office at Factory No. 11.

FYE 2023 compared to FYE 2022

Our total finance costs decreased by RM5,845.94 or 39.23% from RM14,902.08 in FYE 2022 to RM9,056.14 in FYE 2023, attributable to the decrease in interest expense on lease liabilities of rented office as the tenancy for Factory No. 11 was closer to expiry towards the end of FYE 2023.

FYE 2024 compared to FYE 2023

Our total finance costs decreased by RM3,067.66 or 33.87% from RM9,056.14 in FYE 2023 to RM5,988.48 in FYE 2024, attributable to the decrease in interest expense on the lease liabilities of rented office for Factory No. 11 as the transfer of ownership of Factory No. 11 was completed on 1 December 2023. Hence, it attributed to the decrease in interest expenses on the lease liabilities in FYE 2024.

12.3.8 Profits and income tax expenses

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
PBT (RM'000)	2,417	4,261	8,005	7,938
PBT margin (%)	5.68	7.13	10.23	9.97
PAT (RM'000)	1,852	3,262	6,029	6,329
PAT margin (%)	4.35	5.46	7.71	7.95
Income tax expense (RM'000)	565	999	1,976	1,609
Effective tax rate (%)	23.38	23.45	24.68	20.27
Statutory tax rate (%)	24.00	24.00	24.00	24.00

FYE 2022 compared to FYE 2021

We recorded an increase in PBT of RM1.84 million or 76.03% from RM2.42 million in FYE 2021 to RM4.26 million in FYE 2022 and our PBT margin increased from 5.68% in FYE 2021 to 7.13% in FYE 2022, which was in line with higher GP and GP margin in FYE 2022 as compared to FYE 2021, despite a decrease in other income and an increase in administrative expenses.

The effective tax rate of 23.45% for FYE 2022 was lower than the statutory tax rate of 24.00%, mainly due to overprovision of current tax in prior years and income not subject to tax, collectively amounting to RM0.15 million. The lower tax expenses were offset by non-deductible expenses amounting to RM0.12 million such as depreciation for non-qualifying expenditure (i.e. investment properties).

Due to the foregoing, our PAT increased by RM1.41 million or 76.22% from RM1.85 million in FYE 2021 to RM3.26 million in FYE 2022, while PAT margin increased from 4.35% in FYE 2021 to 5.46% in FYE 2022.

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FYE 2023 compared to FYE 2022

We recorded an increase in PBT of RM3.75 million or 88.03% from RM4.26 million in FYE 2022 to RM8.01 million in FYE 2023 and our PBT margin increased from 7.13% in FYE 2022 to 10.23% in FYE 2023, which was in line with higher GP and GP margin in FYE 2023 as compared to FYE 2022 as well as increase in other income, which was partially offset by an increase in selling and distribution costs and administrative expenses.

The effective tax rate of 24.68% for FYE 2023 was higher than the statutory tax rate of 24.00%, mainly due to adding back of non-deductible expenses amounting to RM0.14 million (such as depreciation for non-qualifying expenditure).

Due to the foregoing, our PAT increased by RM2.77 million or 84.97% from RM3.26 million in FYE 2022 to RM6.03 million in FYE 2023, while PAT margin increased from 5.46% in FYE 2022 to 7.71% in FYE 2023.

FYE 2024 compared to FYE 2023

We recorded a decrease in PBT of RM0.07 million or 0.87% from RM8.01 million in FYE 2023 to RM7.94 million in FYE 2024 and our PBT margin decreased from 10.23% in FYE 2023 to 9.97% in FYE 2024, attributable to an increase in selling and distribution costs and administrative expenses in FYE 2024.

The effective tax rate of 20.27% for FYE 2024 was lower than the statutory tax rate of 24.00%, mainly due to overprovision of taxation in prior years of RM0.11 million and non-taxable income of RM0.15 million mainly arising from gain on disposal of property, plant and equipment.

Due to the foregoing, our PAT increased by RM0.30 million or 4.98% from RM6.03 million in FYE 2023 to RM6.33 million in FYE 2024, while PAT margin increased from 7.71% in FYE 2023 to 7.95% in FYE 2024 due to lower effective tax rate in FYE 2024.

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12. FINANCIAL INFORMATION (CONT'D)

12.4 REVIEW OF FINANCIAL POSITION

12.4.1 Assets

	Audited			
	As at 31 March			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	2,366	1,768	1,759	14,330
Rights-of-use assets	474	312	161	132
Investment properties	1,849	1,817	1,840	203
Total non-current assets	4,689	3,897	3,760	14,665
Current assets				
Inventories	914	1,611	1,029	1,206
Trade receivables	4,384	4,947	4,931	6,055
Other receivables	1,117	3,254	1,763	2,955
Tax recoverable	88	22	80	101
Fixed deposits with licensed bank	1,283	1,300	1,325	41
Cash and bank balances	5,550	6,790	11,658	6,800
Total current assets	**13,336**	**17,924**	**20,786**	**17,158**
TOTAL ASSETS	**18,025**	**21,821**	**24,546**	**31,823**

<u>31 March 2022 compared to 31 March 2021</u>

Total assets increased by RM3.79 million or 21.02% from RM18.03 million as at 31 March 2021 to RM21.82 million as at 31 March 2022, due to the increase in current assets of RM4.58 million and this was offset by the decrease in non-current assets of RM0.79 million as at 31 March 2022.

Non-current assets

Non-current assets decreased by RM0.79 million or 16.84%, mainly attributable to depreciation of investment properties, depreciation of property, plant and equipment of RM0.67 million collectively and amortisation of right-of use assets of RM0.16 million for FYE 2022.

Current assets

Current assets increased by RM4.58 million or 34.33% mainly attributable to:

(i) increase in inventories of RM0.70 million as we made more purchases of packing materials and RBD palm olein oil towards the last quarter of FYE 2022 to cater for future sales orders in FYE 2023;

(ii) increase in trade receivables of RM0.57 million in line with the increase in revenue recorded in FYE 2022 and more invoices issued during the last quarter of FYE 2022 amounting to RM17.60 million (FYE 2021: RM12.88 million);

(iii) increase in other receivables of RM2.13 million mainly due to the subsidies owing by COSS and MKHMM; and

(iv) increase in cash and bank balances of RM1.24 million resulting from the increase in revenue and collection from our trade receivables during FYE 2022.

31 March 2023 compared to 31 March 2022

Total assets increased by RM2.73 million or 12.51% from RM21.82 million as at 31 March 2022 to RM24.55 million as at 31 March 2023, due to the increase in current assets of RM2.87 million and this was offset by the decrease in non-current assets of RM0.14 million as at 31 March 2023.

Non-current assets

Non-current assets decreased by RM0.14 million or 3.59%, mainly attributable to decrease in right-of-use asset from the amortisation of right-of use assets of RM0.16 million incurred for FYE 2023.

Current assets

Current assets increased by RM2.87 million or 16.02% mainly attributable to the increase in cash and bank balances of RM4.87 million resulting from the further increase in revenue and improved collection from our trade receivables during FYE 2023. Our average trade receivables turnover period for FYE 2023 was 23 days (FYE 2022: 29 days).

The increase in current assets was offset by the following items:

(i) decrease in inventories of RM0.58 million, mainly the lower inventories of the packing materials and RBD palm olein oil due to higher revenue recorded towards the second half of the financial year and our revenue increased by 30.97% in FYE 2023; and

(ii) decrease in other receivables of RM1.49 million following partial collection of subsidies from COSS and MKHMM of RM1.41 million.

31 March 2024 compared to 31 March 2023

Total assets increased by RM7.27 million or 29.61% from RM24.55 million as at 31 March 2023 to RM31.82 million as at 31 March 2024, due to the increase in non-current assets of RM10.90 million and this was offset by the decrease in current assets of RM3.63 million as at 31 March 2024.

Non-current assets

Non-current assets increased by RM10.90 million or 289.89%, mainly attributable to increase in property, plant and equipment of RM12.57 million, attributable to additions of property, plant and equipment of RM11.72 million (mainly comprising Factory No. 11 of RM10.94 million and 2 units of motor vehicles of RM0.29 million) and reclassifications of 2 investment properties to property, plant and equipment of RM2.09 million. The increase in property, plant and equipment was partly offset by the depreciation charged during the year.

During FYE 2024, we reclassified the following properties from investment properties to property, plant and equipment:

(a) 1 unit of shop office (bearing the postal address of No. 31-A, Jalan 6/10, Kg Tasek Tambahan, 68000 Ampang, Selangor Darul Ehsan) which was previously rented out to a third party. Currently, the above property is used as a hostel to house 1 Malaysian worker; and

(b) Factory No. 9 was previously rented out to a third party until 31 December 2022 as our Group intends to use Factory No. 9 to accommodate future expansion of our repackaged RBD palm olein oil business and our intended new venture into the repackaging of high oleic soybean oil, which will require additional space.

Current assets

Current assets decreased by RM3.63 million or 17.46% mainly attributable to the decrease in cash and bank balances of RM4.86 million for part payment of the purchase price of the Factory No. 11 and withdrawal of fixed deposit with licensed banks of RM1.29 million to fund our Group's working capital.

The decrease in current assets was offset by the following items:

(i) increase in trade receivables of RM1.13 million. This was because some of our customers took longer time to process payment to us. Our average trade receivables turnover period for FYE 2024 was 25 days (FYE 2023: 23 days); and

(ii) increase in other receivables of RM1.20 million, due to prepayment for professional fees in relation to our Listing.

12.4.2 Liabilities

	Audited			
	As at 31 March			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Lease liabilities	319	156	28	79
Deferred tax liabilities	172	191	187	244
Total non-current liabilities	491	347	215	323
Current liabilities				
Trade payables	317	881	294	785
Other payables	307	449	540	4,055
Dividend payable	-	-	3,000	-
Lease liabilities	157	163	139	56
Provision for taxation	40	26	394	311
Total current liabilities	821	1,519	4,367	5,207
TOTAL LIABILITIES	**1,312**	**1,866**	**4,582**	**5,530**

31 March 2022 compared to 31 March 2021

Total liabilities increased by RM0.56 million or 42.75% from RM1.31 million as at 31 March 2021 to RM1.87 million as at 31 March 2022, attributable to the increase in current liabilities of RM0.70 million and this was offset by the decrease in non-current liabilities of RM0.14 million.

Non-current liabilities

Non-current liabilities decreased by RM0.14 million or 28.57% mainly due to the decrease in non-current portion of lease liabilities of RM0.16 million resulting from repayments made during FYE 2022. The lease liabilities are in respect of rental obligation for lamp oil labelling line, Factory No. 11 and hostel to house SCEO's workers.

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Current liabilities

Current liabilities increased by RM0.70 million or 85.37% mainly due to the following:

(i) increase in trade payables of RM0.56 million, as we made more purchase for packing materials and RBD palm olein oil towards the last quarter of FYE 2022 to cater for future sales orders in FYE 2023; and

(ii) increase in other payables of RM0.14 million, mainly due to higher accruals for staff salaries in FYE 2022.

31 March 2023 compared to 31 March 2022

Total liabilities increased by RM2.71 million or 144.92% from RM1.87 million as at 31 March 2022 to RM4.58 million as at 31 March 2023, attributable to the increase in current liabilities of RM2.84 million and this was offset by the decrease in non-current liabilities of RM0.13 million.

Non-current liabilities

Non-current liabilities decreased by RM0.13 million or 37.14% mainly due to the decrease in non-current portion of lease liabilities of RM0.13 million resulting from repayments made during FYE 2023. The lease liabilities are in respect of rental obligation for lamp oil labelling line, Factory No. 11 and hostel to house SCEO's workers.

Current liabilities

Current liabilities increased by RM2.84 million or 187.50% mainly due to the following:

(i) dividend payable of RM3.00 million, being the dividend declared in respect of FYE 2023; and

(ii) increase in provision for taxation of RM0.36 million as we recorded a higher PBT during FYE 2023.

The increase in current liabilities was offset by the decrease in trade payables of RM0.59 million as we paid our suppliers faster which reduced our trade payable turnover days from 4 days to 3 days in FYE 2023.

31 March 2024 compared to 31 March 2023

Total liabilities increased by RM0.95 million or 20.74% from RM4.58 million as at 31 March 2023 to RM5.53 million as at 31 March 2024, attributable to the increase in current liabilities of RM0.84 million and increase in non-current liabilities of RM0.10 million.

Non-current liabilities

Non-current liabilities increased by RM0.11 million or 52.38% mainly due to the increase in non-current portion of lease liabilities of RM0.05 million, mainly resulting from the extended lease terms in the existing leases.

Current liabilities

Current liabilities increased by RM0.84 million or 19.22% mainly due to the following:

(i) increase in other payables of RM3.52 million, mainly due to amount owing to Directors of RM3.45 million, being outstanding balance owing by our Group for the acquisition of Factory No. 11. Such outstanding balance was fully settled on 16 May 2024; and

(ii) increase in trade payables of RM0.50 million, as we made more purchases for packing materials and RBD palm olein oil towards the last quarter of FYE 2024 to cater for future sales orders in FYE 2025.

The increase in current liabilities was offset by the payment of dividend payables of RM3.00 million in FYE 2024.

12.5 LIQUIDITY AND CAPITAL RESOURCES

12.5.1 Working capital

Our business has been financed from a combination of internal and external sources comprising existing cash and bank balance (including fixed deposits with licensed bank), credit terms granted by our suppliers and cash generated from our operations.

Based on our audited combined statement of financial position as at 31 March 2024, our Group has cash and bank balances (including fixed deposits with licensed bank) of RM6.84 million. As at 31 March 2024, our Group's gearing ratio was nil and current ratio was 3.30 times.

As at the LPD, our Group recorded cash and bank balances (including fixed deposits with licensed bank) of approximately RM3.61 million.

Our Directors are of the opinion that we will have adequate working capital to meet our present and foreseeable requirements for at least a period of 12 months from the date of this Prospectus after taking into consideration the following:

(i) our cash and bank balance (including fixed deposits with licensed bank);

(ii) cash generated from our operations; and

(iii) proceeds expected to be raised from our Public Issue.

12.5.2 Cash flow

The following is a summary of our combined statements of cash flows for the FYEs Under Review. This should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FYE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash from operating activities	1,793	1,294	8,419	4,241
Net cash (used in)/ from investing activities	(1,110)	141	(347)	(7,241)
Net cash used in financing activities	(3,225)	(195)	(3,204)	(1,817)
Net (decrease)/ increase in cash and cash equivalents	(2,542)	1,240	4,868	(4,817)
Cash and cash equivalents at beginning of financial year	8,092	5,550	6,790	11,658
Cash and cash equivalents at end of financial year	5,550	6,790	11,658	6,841

<u>FYE 2021</u>

Net cash from operating activities

For FYE 2021, we recorded net operating cash inflow of RM1.79 million after taking into consideration our operating profit of RM2.65 million and the following working capital changes:

(i) increase in inventories of RM0.13 million as we made more purchases towards the last quarter of FYE 2021 to cater for future sales orders in FYE 2022;

(ii) increase in trade receivables of RM0.72 million in line with the increase in revenue recorded in FYE 2021;

(iii) decrease in other receivables of RM0.30 million after collection of subsidies from COSS and MKHMM in FYE 2021;

(iv) decrease in trade payables of RM0.08 million as we made more payments to our suppliers; and

(v) income tax paid of RM0.34 million.

Net cash used in investing activities

For FYE 2021, our net cash outflow for investing activities was RM1.11 million, mainly attributable to cash payment of RM1.74 million to purchase property, plant and equipment, mainly for 6 units of motor vehicles of RM1.37 million.

The abovementioned cash outflow was partially offset by:

(i) interest received of RM0.11 million from fixed deposit as well as money market instruments; and

(ii) proceeds from the disposal of 8 units of motor vehicles and 2 units of machines in FYE 2021 for RM0.53 million.

Net cash used in financing activities

For FYE 2021, our net cash outflow for financing activities was RM3.23 million, mainly due to the following:

(i) dividend paid of RM3.00 million in respect of FYE 2021; and

(ii) repayment to Directors of RM0.16 million for the advances to our Group for working capital purposes.

FYE 2022

Net cash from operating activities

For FYE 2022, we recorded net operating cash inflow of RM1.29 million after taking into consideration our operating profit of RM4.94 million and the following working capital changes:

(i) increase in inventories of RM0.70 million as we made more purchases towards the last quarter of FYE 2022 to cater for future sales orders in FYE 2023;

(ii) increase in trade receivables of RM0.58 million in line with the increase in revenue recorded in FYE 2022 and more invoices issued during the last quarter of FYE 2022 amounting to RM17.60 million (FYE 2021: RM12.88 million);

(iii) increase in other receivables of RM2.14 million mainly due to the subsidies owing by COSS and MKHMM;

(iv) increase in trade payables of RM0.56 million as we made more purchases for packing materials and RBD palm olein oil towards the last quarter of FYE 2022 to cater for future sales orders in FYE 2023;

(v) increase in other payables of RM0.14 million, mainly due to higher accruals for staff salaries in FYE 2022; and

(vi) income tax paid of RM0.93 million.

Net cash from investing activities

For FYE 2022, our net cash inflow from investing activities was RM0.14 million, mainly attributable to the following items:

(i) interest received of RM0.09 million from fixed deposit as well as money market instruments; and

(ii) proceeds from the disposal of 2 units of motor vehicles in FYE 2022 for RM0.10 million.

The abovementioned cash inflow was offset by cash payment of RM0.04 million to purchase property, plant and equipment.

Net cash used in financing activities

For FYE 2022, our net cash outflow for financing activities was RM0.20 million, mainly due to repayment made for lease liabilities of RM0.16 million which was in relation to the rental obligation for rented lamp oil labelling line, Factory No. 11 and hostel.

FYE 2023

Net cash from operating activities

For FYE 2023, we recorded net operating cash inflow of RM8.42 million after taking into consideration our operating profit of RM8.48 million and the following working capital changes:

(i) decrease in inventories of RM0.58 million, mainly the lower inventories of the packing materials and RBD palm olein oil in line with the higher sales volume in FYE 2023;

(ii) decrease in other receivables of RM1.52 million after collection of subsidies from COSS and MKHMM;

(iii) decrease in trade payables of RM0.59 million as we had paid our suppliers in a shorter time period which reduced our trade payable turnover days from 4 days to 3 days in FYE 2023; and

(vi) income tax paid of RM1.67 million.

Net cash used in investing activities

For FYE 2023, our net cash outflow from investing activities was RM0.35 million, mainly attributable to the cash payment of RM0.68 million to purchase of property, plant and equipment, mainly for 3 units of motor vehicles of RM0.42 million.

The abovementioned cash outflow was offset by the following items:

(i) interest received of RM0.19 million from fixed deposit as well as money market instruments; and

(ii) proceeds from the disposal of 4 units of motor vehicles in FYE 2023 for RM0.18 million.

Net cash used in financing activities

For FYE 2023, our net cash outflow for financing activities was RM3.20 million, mainly due to the following:

(i) dividend paid of RM3.02 million in respect of FYE 2023; and

(ii) repayment made for lease liabilities of RM0.16 million which was in relation to the rental obligation for rented lamp oil labelling line, Factory No. 11 and hostel.

FYE 2024

Net cash from operating activities

For FYE 2024, we recorded net operating cash inflow of RM4.24 million after taking into consideration our operating profit of RM7.87 million and the following working capital changes:

(i) increase in inventories of RM0.18 million as we made more purchases of packing materials and RBD palm olein oil towards the last quarter of FYE 2024 to cater for future sales orders;

(ii) increase in trade receivables of RM1.12 million. This was because some of our customers took longer time to process payment to us;

(iii) increase in other receivables of RM1.22 million, mainly due to prepayment for professional fee for our Listing;

(iv) increase in trade payables of RM0.49 million, as we made more purchase for packing materials and RBD palm olein oil towards the last quarter of FYE 2024 to cater for future sales orders in FYE 2025;

(v) income tax paid of RM1.96 million; and

(vi) income tax refund of RM0.30 million.

Net cash used in investing activities

For FYE 2024, our net cash outflow for investing activities was RM7.24 million, mainly attributable to cash payments of RM8.27 million for additions of property, plant and equipment of RM11.72 million (mainly comprising Factory No. 11 of RM10.94 million and 2 units of motor vehicles of RM0.29 million). Our Group had on 22 September 2023 entered into a sale and purchase agreement with our Directors to acquire Factory No. 11 for a purchase consideration of RM10.50 million of which RM7.05 million has been paid during the FYE 2024.

The abovementioned cash outflow was partly offset by the proceeds from the disposal of 9 units of motor vehicles in FYE 2024 for RM0.70 million and interest received of RM0.30 million from fixed deposit as well as money market.

Net cash used in financing activities

For FYE 2024, our net cash outflow for financing activities was RM1.82 million, mainly due to the following:

(i) dividend paid of RM3.00 million in respect of FYE 2023; and

(ii) repayment of lease liabilities of RM0.14 million.

The abovementioned cash outflow was offset by the withdrawal of fixed deposit with licensed banks of RM1.33 million.

12.5.3 Borrowings

As at 31 March 2024, our Group did not have any outstanding bank borrowings which are interest bearing and denominated in RM.

As at the LPD, we do not have any borrowings which are interest bearing, non-interest bearing and/or in foreign currency. Our Group has not defaulted on any payment of either principal sums and/or interest in relation to any borrowings for the FYEs Under Review and up to the LPD.

We do not encounter seasonality in the trend of our borrowings and there is no restriction on the use of our committed banking facilities, save for prior consents from the licensed banks before using the banking facilities, where necessary.

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 investment holders of our securities.

12.5.4 Types of financial instruments used, treasury policies and objectives

As at LPD, save as disclosed in Section 12.5.3 above, we do not have or use any other financial instruments or have any other treasury policies.

Our Group has been funding our operations from a combination of internal and external sources comprising existing cash and bank balance (including fixed deposits with licensed bank), credit terms granted by our suppliers and cash generated from our operations. The normal credit term granted by our suppliers from cash term up to 30 days.

As at the LPD, our Group does not have any borrowings from financial institutions.

The main objective of our capital management is to ensure that entities within our Group will be able to maintain an optimal capital structure to support our businesses and maximise shareholders value. To achieve this objective, our 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.

12.5.5 Material capital commitment, investments and divestitures

(i) Material capital commitment

Our Board confirms that there are no material capital commitments incurred or known to be incurred by our Group as at the LPD.

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(ii) **Investments and divestitures**

Our Group's capital investments for the FYEs Under Review and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1 April 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:					
Motor vehicles	(1)1,543	-	(4)419	(7)286	-
Plant and machinery	(2)59	-	(5)98	(8)97	-
Tool and equipment	(3)86	4	6	39	-
Renovation and signboards	13	12	(6)118	(9)85	3
Factory No. 11	-	-	-	10,944	-
Furniture and fitting	-	8	8	(9)194	-
Office equipment	43	3	4	(9)59	1
Computers	-	17	26	18	-
Factory No. 9	-	-	-	-	104
Total	**1,744**	**44**	**679**	**11,722**	**108**

Notes:

(1) Purchased 4 units of delivery trucks and 4 units of passenger cars for business purposes.

(2) Purchased 1 unit of conveyor for jerry can, 1 unit of labelling machine and 1 unit of printer for the packaging lines.

(3) Purchased 1 unit of electric-powered forklift.

(4) Purchased 3 units of delivery trucks.

(5) Mainly purchased 1 unit of filler machine and 2 units of printers for the packaging lines.

(6) Renovation works for first floor of Factory No. 11.

(7) Purchased 2 units of delivery trucks.

(8) Purchased air cooler system, tanks and exhaust fan.

(9) Renovation works, furniture and fittings as well as office equipment for first floor of Factory No. 11.

The investments set out above were financed by our Group's internally generated funds.

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Our Group's capital divestitures for the FYEs Under Review and up to the LPD are as follows:

	FYE 2021	FYE 2022	FYE 2023	FYE 2024	1 April 2024 up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
At cost:					
Motor vehicles	(1)1,090	(3)226	(4)359	(5)2,055	-
Plant and machinery	(2)144	-	-	30	-
Tools and equipment	-	-	9	-	-
Total	**1,234**	**226**	**368**	**2,085**	-

Notes:

(1) Disposal of 3 units of delivery trucks and 5 units of passenger cars.

(2) Disposal of 1 unit of seal machine and 1 unit of air compressor machine.

(3) Disposal of 1 units of passenger car and 1 unit of motorcycle.

(4) Disposal of 3 units of delivery trucks and 1 unit of passenger car.

(5) Disposal of 6 units of passenger cars, 2 units of delivery trucks and 1 unit of motorcycle.

12.5.6 Material litigation, claims or arbitration and contingent liabilities

(i) Material litigation, claims or arbitration

As at the LPD, our Group is not engaged in any material litigation, claims and/or arbitration, whether as plaintiff or defendant, which might and adversely affect our business or financial position, and our Directors confirm that there are no legal proceedings, pending or threatened, or of any fact to give rise to any legal proceeding which may materially and adversely affect our business or financial position, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

As at the LPD, our Directors confirm that there are no contingent liabilities incurred by our Group, which upon becoming enforceable, may have a material effect on our Group's business, financial results and financial position.

12.6 KEY FINANCIAL RATIOS

The key financial ratios of our Group for the FYEs Under Review are as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover period (days) (1)	34	29	23	25
Trade payables turnover period (days) (2)	3	4	3	2
Inventories turnover (days) (3)	8	9	7	6
Current ratio (times) (4)	16.24	11.80	4.76	3.30
Gearing ratio (times) (5)	-	-	-	-

Notes:

(1) Computed based on average of opening and closing trade receivables as at the respective financial year end divided by total revenue for the respective financial year end and multiplied by 365 days for each financial year:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Opening trade receivables (RM'000)	3,559	4,384	4,947	4,931
Closing trade receivables (RM'000)	4,384	4,947	4,931	6,055
Average trade receivables (RM'000)	3,972	4,666	4,939	5,493
Revenue (RM'000)	42,574	59,742	78,236	79,583
Trade receivables turnover period (days)	34	29	23	25

(2) Computed based on average of opening and closing trade payables as at the respective financial year end divided by total cost of sales for the respective financial year end and multiplied by 365 days for each financial year:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Opening trade payables (RM'000)	289	317	881	294
Closing trade payables (RM'000)	317	881	294	785
Average trade payables (RM'000)	303	599	588	540
Cost of sales (RM'000)	37,142	51,751	66,251	66,852
Trade payables turnover period (days) [(6)]	3	4	3	2

(3) Computed based on the average inventories as at the respective financial year end divided by purchases for the respective financial year end and multiplied by 365 days for each financial year:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Opening inventories (RM'000)	780	914	1,611	1,029
Closing inventories (RM'000)	914	1,611	1,029	1,206
Average inventories (RM'000)	847	1,263	1,320	1,118
Purchases (RM'000)	36,381	51,045	65,394	66,142

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Inventories turnover period (days)	8	9	7	6

(4) Computed based on current assets over current liabilities as at the respective financial year end.

(5) Computed based on the total borrowings over total equity as at the respective financial year end.

(6) Our trade payables turnover period was shorter than our trade receivables turnover period. We are of the view that this does not affect the sufficiency of our working capital as our working capital requirements were financed by our cash and bank balances during the FYEs Under Review.

The purchases for the past FYEs Under Review were made using internally generated funds. Cash from operating activities generate sufficient positive cash flow to maintain and support working capital as well as the growth of our operations.

Premised on the above, there is sufficient working capital for our operations.

12.6.1 Trade receivables

Our Group's trade receivable ageing analysis as at 31 March 2024 is as follows:

	Within credit period	Exceeding credit period (past due days)				Total
		1 – 30	31 – 60	61 – 90	Over 90	
Trade receivables as at 31 March 2024 (RM'000)	4,410	1,390	168	23	64	**6,055**
Proportion of total trade receivables (%)	72.83	22.96	2.77	0.38	1.06	100.00
Subsequent collections up to the LPD (RM'000)	(4,366)	(1,376)	(168)	(23)	(30)	(5,963)
Trade receivables after subsequent collections (RM'000)	44	14	-	-	34	92
Proportion of trade receivables after subsequent collections (%)	47.83	15.22	-	-	36.95	100.00

All our Group's trade receivables are classified as current assets. The normal credit terms granted by our Group is 30 days from the date of invoice. Our Group managed the credit risk through credit limit and credit monitoring procedures.

Our credit terms to customers are assessed and approved on an individual customer basis taking into consideration various factors such as relationship with the customer, payment history and customer's creditworthiness.

We use ageing analysis to monitor the credit quality of our trade receivables. In addition, our management assesses our trade receivables individually as to their aging condition and collectability. Among the factors considered in determining whether to provide for impairment losses include, subsequent collections, any past provisions and/or impairments made and/or letter(s) of demand issued as well as the current industry and economic conditions. Our management may take necessary actions which include entering into negotiations with the customers to recover any amounts that are long outstanding or in dispute.

Our trade receivables turnover periods for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 were 34 days, 29 days, 23 days and 25 days, respectively.

Our Group's trade receivables turnover period stood at 34 days in FYE 2021, mainly due to our Group's customers taking longer time to make payments during the COVID-19 pandemic period.

Our Group's trade receivables turnover period decreased to 29 days in FYE 2022 and 23 days in FYE 2023, due to our Group's efforts to follow up closely on collections and better collections from our customers. Our Group undertakes various measures but not limited to closely following up with customers by sending monthly debtors' statement and payment reminders to the customers to accelerate incoming collections.

Our trade receivables turnover periods for FYE 2023 and FYE 2024 were 23 days and 25 days, respectively which were within our credit period. Our Group continued to undertake various measures including following up with customers by sending monthly debtors' statement and payment reminders to them.

Meanwhile, our bad debts written off were not significant, amounted to approximately RM7,000, approximately RM14,000 and approximately RM5,000 in FYE 2021, FYE 2022 and FYE 2023, respectively. For the FYE 2024, we had no bad debts written off. There was no provision for impairment required for the remaining trade receivables during the FYEs Under Review.

As at the LPD, RM5.96 million or 98.48% of our Group's total trade receivables outstanding as at 31 March 2024 have been collected. As at the LPD, the outstanding trade receivables that are more than 90 days of RM0.03 million are from 2 trade receivables where our customers are paying progressively. Our management is of view that the abovementioned outstanding trade receivables are recoverable.

Our management closely monitors the recoverability of overdue trade receivables on a regular basis, and when appropriate, provides for specific / individual impairment of these trade receivables. Our management is of the view that the trade receivables are recoverable, there is no provision for impairment required after taking into consideration our Group's relationship with our customers as well as efforts made to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.6.2 Trade payables

Our Group's trade payables ageing analysis as at 31 March 2024 is as follows:

	Within credit period	**Exceeding credit period (past due days)**				**Total**
		1 – 30	**31 – 60**	**61 – 90**	**Over 90**	
Trade payables as at 31 March 2024 (RM'000)	776	9	-			785
Proportion of total trade payables (%)	98.85	1.15	-	-	-	100.00
Subsequent payment up to the LPD (RM'000)	(776)	(9)	-	-	-	(785)
Net trade payables after subsequent payment as at LPD (RM'000)	-	-	-	-	-	-
Proportion of trade payables after subsequent payment as at LPD (%)	-	-	-	-	-	-

All our Group's trade payables are classified as current liabilities. The normal credit terms granted by suppliers is 30 days from the date of the purchase invoice. However, some suppliers of RBD palm olein oil may require us to make payment prior to taking delivery of RBD palm olein oil while others require us to make payment within a week from the date we receive the RBD palm olein oil.

Our trade payables turnover period for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 of 3 days, 4 days, 3 days and 2 days, respectively were within the credit period granted by our suppliers.

As at the LPD, all of our total trade payables outstanding as at 31 March 2024 have been paid.

During the FYEs Under Review up to the LPD, we did not have any disputes in respect of our trade payables and there were no legal proceedings to demand payment that had been initiated by our suppliers against us.

12.6.3 Inventories turnover

Our inventories mainly consist of RBD palm olein oil, packaging materials (such as polybags, bottles, tin cans and jerry cans) for repackaging, marketing and distribution of RBD palm olein oil products segment; and third-party products for trading (under trading of third-party products segment).

Our Group practices first-in-first-out basis in computing the cost of inventories. The costs of inventories include invoiced value of goods purchased and expenditure incurred for acquiring inventories.

Our inventory turnover days vary year to year according to the sales anticipation and market price of RBD palm olein oil.

The inventory turnover days increased from 8 days for FYE 2021 to 9 days for FYE 2022, decreased to 7 days for FYE 2023 and subsequently decreased to 6 days for FYE 2024, mainly due to our practice of not keeping inventories for more than 7 days. Additionally, our Group enters into short term sales contracts (of 1 to 3 months) with suppliers to purchase the RBD palm olein oil in predetermined price and quantity.

For RBD palm olein oil, our procurement department will review our inventory level and arrange for delivery of RBD palm olein oil on a daily basis. For packing materials, our procurement department conducts a monthly internal meeting to, among others, review our inventory level and inventory ageing.

Approval is required from our Directors / senior management for procurement of inventories and any impairment on slow moving inventories. During FYEs Under Review, there was no impairment on slow moving inventories.

12.6.4 Current ratio

The table below sets forth a summary of our Group's current ratio for the FYEs Under Review:

	As at 31 March			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	13,336	17,924	20,786	17,158
Current liabilities	821	1,519	4,367	5,207
Net current assets	12,515	16,405	16,419	11,951
Current ratio (times) [(1)]	16.24	11.80	4.76	3.30

Note:
(1) Current ratio is calculated based on current assets over current liabilities.

As at 31 March 2022, our Group's current ratio was 11.80 times, which was lower compared to 16.24 times as at 31 March 2021, mainly due to higher trade and other payables as at 31 March 2022 of collectively RM1.33 million as compared to RM0.62 million as at 31 March 2021.

As at 31 March 2023, our Group's current ratio was 4.76 times, which was lower compared to 11.80 times as at 31 March 2022, mainly due to payment of outstanding amount of RM3.00 million in relation to the dividend declared in respect of FYE 2023 on 17 July 2023.

As at 31 March 2024, our Group's current ratio was 3.30 times, which was lower compared to 4.76 times as at 31 March 2023, mainly due to amount owing to our Directors of RM3.45 million, being the outstanding balance owing by our Group for the acquisition of Factory No. 11 from our Directors. Such outstanding balance was fully settled on 16 May 2024.

Overall, our current ratio was more than 1 time (i.e. our current assets were in excess of our current liabilities) during the FYEs Under Review. This indicates that our Group is able to meet our current obligations – our current assets such as inventories and trade receivables, which can be readily converted to cash, together with our cash and bank balance (including fixed deposits with licensed bank) are sufficient to meet immediate current liabilities.

12.6.5 Gearing ratio

During the FYEs Under Review, our Group does not have any outstanding bank borrowings which were interest-bearing. Hence, our gearing ratio for FYEs Under Review was nil.

We excluded lease liabilities as part of the borrowings. This was because our lease liabilities represented the financial obligation to pay rentals on our rented premises.

For illustrative purposes, assuming the lease liabilities as borrowings and the gearing ratio for the FYEs Under Review would be as follows:

		As at 31 March			
		2021	**2022**	**2023**	**2024**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Lease liabilities	[A]	476	319	167	135
Total equity	[B]	16,713	19,955	19,964	26,293
Gearing ratio (times)	[A] / [B]	0.03	0.02	0.01	0.01

12.7 ACCOUNTING POLICIES AND AUDIT QUALIFICATION

There are no accounting policies which are peculiar to our Group because of the nature of the business and industry which we are involved in. For further details on the material accounting policies of our Group, see Note 3 of the Accountants' Report as set out in Section 13 of this Prospectus. The Accountants' Report does not contain any audit qualification for the FYEs Under Review.

12.8 TREND ANALYSIS

As at LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, unusual or infrequent events or transactions, uncertainties or any significant economic changes that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as disclosed in Sections 7.2 to 7.4, 7.16, 9 and 12.3 to 12.6 of this Prospectus;

(ii) material commitment for capital expenditure, as set out in Section 12.5.5 of this Prospectus;

(iii) known trends, demands, commitments or events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in Sections 9 and 12.3 to 12.6 of this Prospectus; and

(iv) known events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources as set out in Sections 7.16, 9 and 12.3 to 12.6 of this Prospectus.

Our Board is optimistic about the future prospects of our Group after taking into account the outlook of the RBD palm olein oil market in Malaysia as set out in Section 8 of this Prospectus, our competitive strengths as set out in Section 7.5 of this Prospectus and our business strategies and future plans as set out in Section 7.22 of this Prospectus.

12.9 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.

12.10 SIGNIFICANT FACTORS AFFECTING OUR GROUP'S OPERATIONS AND FINANCIAL PERFORMANCE

Our Group's business operations and financial conditions have been and will continue to be affected by internal and external factors including, but not limited to, the following:

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

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

Please refer to the risk factor in Section 9.1.1 of this Prospectus for further details.

(ii) We may face disruptions in our packaging facility and business operations

We have 14 packaging lines to repackage our products in various packaging sizes and types, including polybags, jerry cans, tin cans, bottles and IBCs. This being the case, we depend on the continued operation of our packaging lines. Our packaging lines may be susceptible to unanticipated breakdowns or damages. To minimise such risks, our Group has scheduled regular maintenance for our packaging lines prior to operational usage on a daily basis, and conducts calibration on our packaging lines on an annual basis.

Please refer to the risk factor in Section 9.1.2 of this Prospectus for further details.

(iii) Our business operations and financial performance may be adversely affected should there be a failure in renewing our licences

Our RBD palm olein oil repackaging, marketing and distribution business is subject to the Control of Supplies Regulations 1961 and Malaysian Palm Oil Board (Licensing) Regulations 2005. As at the LPD, we have obtained the necessary licences to carry out our business operations, which details are set out in Section 7.18 of this Prospectus.

However, our business operations could be disrupted should we fail to renew these permits and licences in a timely manner. If there are changes in the aforementioned regulations which result in stricter compliance requirements, our business operations may need to incur additional operating costs to put in place the necessary processes to comply with the new standards/ requirements.

In the event such additional costs cannot be passed on to our customers, we will have to absorb the additional costs incurred, which in turn, would adversely impact the profitability of our business.

Please refer to the risk factor in Section 9.1.3 of this Prospectus for further details.

(iv) Our financial performance may be impacted should we lose our registration status under COSS or should our allocated quota under COSS be reduced while the COSS is still on-going

As at the LPD, our Group has obtained a quota to supply up to 700 MT of subsidised RBD palm olein cooking oil per month under COSS. Although there is no expiry period stated for the COSS and we are able to sell the RBD palm olein cooking oil products under COSS for as long as the COSS is implemented, there is no assurance that KPDN, who is the authority responsible for approving our registration status and allocated quota, would not cancel or revoke this registration status or reduce our allocated quota under COSS.

The quota granted to our Group may be cancelled, revoked or reduced by KPDN at any time without any reason. Although our Group has not had our registration status under COSS revoked since we were registered under COSS in 2007 or had our current allocated quota under COSS reduced since 2016, there is no assurance that this may not occur in the future.

Please refer to the risk factor in Section 9.1.4 of this Prospectus for further details.

(v) We depend on our ability to secure new contracts and customers

We do not enter into long-term contracts with our customers due to the potential volatility of CPO and RBD palm olein oil prices. The maximum contract period that we have with our customers is for 6 months during the FYEs Under Review.

The absence of long-term contracts poses a risk of losing our existing customers, which would impact our financial performance. As such, we are dependent on our ability to secure new contracts with our existing customers, as well as secure new customers.

Please refer to the risk factor in Section 9.1.5 of this Prospectus for further details.

(vi) We are dependent on our key management for the continuing success of our Group

The continuing success of our business is dependent on the leadership abilities and the experiences of our key management personnel, namely Wong Hing Ngiap (Managing Director), Wong Hin Loong (Executive Director), Choo Wai Yeen (Chief Operating Officer), Dee Bee Lian (Chief Financial Officer) as well as Woi Chee Keong (Factory Manager).

The loss of services from any of our key management personnel without any suitable or prompt replacement may cause an adverse effect on our business operations and financial performance.

Please refer to the risk factor in Section 9.1.6 of this Prospectus for further details.

(vii) We are presently dependent on a single product, RBD palm olein oil

We are primarily involved in the repackaging, marketing and distribution of RBD palm olein oil. If we are unable to expand our product range to include high oleic soybean oil (as stated in Section 7.22(i) of this Prospectus) to reduce reliance on RBD palm olein oil products, we will continue to be dependent on RBD palm olein oil products as a single product for our Group. Therefore, our financial performance is dependent upon the continued demand for RBD palm olein oil, and any challenges and/or decline faced in the RBD palm olein oil industry may adversely impact our Group's business operations and financial performance. If other types of cooking oil are priced lower and the demand for RBD palm olein cooking oil is reduced because of the changes in consumer preferences, or increased popularity of other types of edible oil as substitutes, this may adversely affect our financial performance.

Please refer to the risk factor in Section 9.1.7 of this Prospectus for further details.

(viii) We may not be able to successfully execute our business strategies and future plans

Our Group plans to expand our product range to include high oleic soybean oil as well as grow our sales to other states in Malaysia.

The future growth of our Group and the successful development of our future business strategies are dependent on, amongst others, the timely and cost-effective for the rebuilding of Factory No. 9, the ability of our key management personnel together with our business development and marketing department to expand our customer reach in Perak, Negeri Sembilan, Melaka and Pahang, our ability to venture into the repackaging, marketing and distribution of high oleic soybean oil business and our ability to market our products to potential and existing customers. There can be no assurance that we will be able to successfully implement our business strategies and future plans.

Please refer to the risk factor in Section 9.1.8 of this Prospectus for further details.

(ix) We are exposed to volatility in prices and availability of materials and supplies

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

Please refer to the risk factor in Section 9.2.1 of this Prospectus for further details.

(x) We may face competition from other players involved in the repackaging, marketing and distribution of RBD palm olein oil products

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

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

Please refer to the risk factor in Section 9.2.2 of this Prospectus for further details.

(xi) Impact of inflation

Our financial performance for the FYEs Under Review was not materially affected by the impact of inflation. However, there can be no assurance that future inflation will not have an impact on our business and financial performance.

(xii) Impact of interest rates

For the FYEs Under Review, our financial performance was not affected by the fluctuations of interest rates. Hence, there is no sensitivity analysis on our PAT to changes in interest rates. Please refer to Note 26(b)(iii) in the Accountants' Report set out in Section 13 of this Prospectus.

(xiii) Impact of Government, economic, fiscal and monetary policies

Our Group's business is subject to the risks relating to Government, economic, fiscal or monetary policies. Any unfavourable changes in the Government's policies, changes in the economic conditions or fiscal or monetary policies may materially affect our operations in Malaysia. Further details are set out in Section 9.2.3 of this Prospectus.

During the FYEs Under Review, we have not experienced any adverse political, regulatory or economic developments that have had a direct impact on our business operations, financial performance and prospects of our Group save for the impact of the COVID-19 pandemic as disclosed in Section 7.16 of this Prospectus.

12.11 SIGNIFICANT CHANGES

There are no significant changes that have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2024 and up to the LPD.

12.12 DIVIDEND POLICY

Our Group presently does not have any formal dividend policy. However, it is our Board's intention to recommend dividends to allow our shareholders to participate in the profits of our Group. Our ability to pay dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Save for compliance with the solvency requirement under the Act, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

Our Board will consider the following factors (which may not be exhaustive) when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, profits, return on equity and retained earnings;

(iii) our expected results of operations and future level of operations; and

(iv) our projected levels of capital expenditure and other investment plans.

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Board and will depend on factors stated above (which may not be exhaustive).

There is no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

Our Board may from time to time approve or recommend a dividend or other distribution. However, no dividend or distribution shall be declared in excess of the amount recommended by our Board. Further, under the Act, our Company may not declare or pay dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) our Company is, or would after the payment, be unable to pay our liabilities as they become due; or

(ii) the realisable value of our Company's assets would thereby be less than our liabilities.

Dividends declared and paid by our subsidiaries, during FYEs Under Review were as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FYE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividends declared and paid	3,000 (1)	20 (2)	6,020 (3)	-

Notes:

(1) RM3.00 million was declared by SCEO on 4 September 2020 and paid on 7 September 2020.

(2) RM20,000 was declared by SCSM on 20 April 2021 and paid on 28 April 2021.

(3) RM6.02 million was declared in 3 tranches:

(i) RM20,000 was declared by SCSM on 20 April 2022 and paid on 26 April 2022;
(ii) RM3.0 million was declared by SCEO on 27 October 2022 and paid on 15 November 2022; and
(iii) RM3.0 million was declared by SCEO on 9 March 2023 and paid on 17 July 2023.

The dividends paid are funded via internally generated funds.

Subsequent to the FYE 2024 and up to the LPD, no dividend has been declared, made or paid by our Group to our shareholders. Our Company does not intend to declare any dividend prior to our Listing.

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

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UHY (AF1411)
Chartered Accountants
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1 July 2024

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

Dear Sirs,

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

Opinion

We have audited the combined financial statements of the Company and its combining entities as disclosed in Note 1.3 to the combined financial statements (collectively known as "Sik Cheong Group" or "the Group"), which comprises the combined statements of financial position as at 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 of the Group, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial years then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 5 to 61.

In our opinion, the accompanying combined financial statements of the Group give a true and fair view of the financial position of the Group as at 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 and of their financial performance and their cash flows for the financial years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (*including International Independence Standards*) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Directors for the Combined Financial Statements

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

In preparing the combined financial statements of the Group, the Directors are responsible for assessing the Group' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an accountants' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements of the Group.

- 3 -

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

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

- Identify and assess the risks of material misstatement of the combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

UHY

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

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

UHY
Firm Number: AF 1411
Chartered Accountants

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

KUALA LUMPUR

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	2024 RM	2023 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	14,329,599	1,759,089	1,767,691	2,366,401
Right-of-use assets	5	132,372	160,428	311,702	473,971
Investment properties	6	203,000	1,840,501	1,816,706	1,849,017
		14,664,971	3,760,018	3,896,099	4,689,389
Current assets					
Inventories	7	1,206,112	1,029,202	1,610,876	914,151
Trade receivables	8	6,055,411	4,931,471	4,947,344	4,383,599
Other receivables	9	2,954,709	1,763,098	3,254,070	1,117,130
Tax recoverable		101,207	80,149	22,008	87,641
Fixed deposits with licensed bank	10	40,687	1,324,523	1,300,456	1,282,642
Cash and cash equivalents	10	6,800,060	11,657,536	6,789,905	5,550,382
		17,158,186	20,785,979	17,924,659	13,335,545
Total assets		31,823,157	24,545,997	21,820,758	18,024,934
EQUITY					
Share capital	11	420,100	420,000	420,000	420,000
Retained earnings		25,872,829	19,543,853	19,535,037	16,292,527
Total equity		26,292,929	19,963,853	19,955,037	16,712,527
LIABILITIES					
Non-current liabilities					
Lease liabilities	12	79,490	28,273	156,072	319,257
Deferred tax liabilities	13	243,551	186,818	191,269	171,469
		323,041	215,091	347,341	490,726
Current liabilities					
Trade payables	14	784,735	293,830	881,202	317,135
Other payables	15	4,055,451	540,436	448,567	307,532
Dividend payable		-	3,000,000	-	-
Lease liabilities	12	56,319	138,817	163,185	157,298
Provision for taxation		310,682	393,970	25,426	39,716
		5,207,187	4,367,053	1,518,380	821,681
Total liabilities		5,530,228	4,582,144	1,865,721	1,312,407
Total equity and liabilities		31,823,157	24,545,997	21,820,758	18,024,934

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Revenue	16	79,583,304	78,235,837	59,741,717	42,574,387
Cost of sales		(66,852,627)	(66,251,468)	(51,751,163)	(37,141,716)
Gross profit		12,730,677	11,984,369	7,990,554	5,432,671
Other income		1,155,133	665,169	370,878	653,775
Selling and distribution costs		(502,306)	(441,147)	(399,247)	(411,905)
Administrative expenses		(5,439,971)	(4,194,413)	(3,686,035)	(3,251,927)
Profit from operations		7,943,533	8,013,978	4,276,150	2,422,614
Finance costs	17	(5,989)	(9,057)	(14,902)	(5,220)
Profit before tax	18	7,937,544	8,004,921	4,261,248	2,417,394
Taxation	19	(1,608,568)	(1,976,105)	(998,738)	(564,910)
Profit for the financial year, representing total comprehensive income for the financial year		6,328,976	6,028,816	3,262,510	1,852,484
Profit for the financial year, representing total comprehensive income for the financial year attributable to:					
Owners of the parent		6,328,976	6,028,816	3,262,510	1,852,484
Earnings per share (RM)	20				
Basic		15.07	14.35	7.77	4.46
Diluted		15.07	14.35	7.77	4.46

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CHANGES IN EQUITY

		Non-distributable	Distributable	
		Share capital	Retained earnings	Total equity
	Note	RM	RM	RM
At 1 April 2023		420,000	19,543,853	19,963,853
Profit for the financial year representing total comprehensive income for the financial year		-	6,328,976	6,328,976
Shares issued		100	-	100
At 31 March 2024		420,100	25,872,829	26,292,929
At 1 April 2022		420,000	19,535,037	19,955,037
Profit for the financial year representing total comprehensive income for the financial year		-	6,028,816	6,028,816
Dividends declared	21	-	(6,020,000)	(6,020,000)
At 31 March 2023		420,000	19,543,853	19,963,853
At 1 April 2021		420,000	16,292,527	16,712,527
Profit for the financial year representing total comprehensive income for the financial year		-	3,262,510	3,262,510
Dividends declared	21	-	(20,000)	(20,000)
At 31 March 2022		420,000	19,535,037	19,955,037
At 1 April 2020		400,100	17,440,043	17,840,143
Profit for the financial year representing total comprehensive income for the financial year		-	1,852,484	1,852,484
Shares issued		19,900	-	19,900
Dividends declared	21	-	(3,000,000)	(3,000,000)
At 31 March 2021		420,000	16,292,527	16,712,527

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows from operating activities					
Profit before tax		7,937,544	8,004,921	4,261,248	2,417,394
Adjustments for:					
Amortisation of right-of-use assets		135,072	162,750	162,269	34,227
Bad debts written off		-	4,824	14,101	7,475
Depreciation of investment properties		3,000	33,128	32,311	32,312
Depreciation of property, plant and equipment		759,452	621,364	638,641	642,226
Gain on disposal of property, plant and equipment		(678,516)	(175,996)	(95,779)	(395,466)
Gain on termination of lease contract		(584)	-	-	-
Interest expense		5,989	9,057	14,902	5,220
Interest income		(297,205)	(186,100)	(85,163)	(105,136)
Property, plant and equipment written off		1,180	9,690	-	7,564
Operating profit before working capital changes		7,865,932	8,483,638	4,942,530	2,645,816
Inventories		(176,910)	581,674	(696,725)	(133,239)
Trade receivables		(1,123,940)	11,049	(577,846)	(719,689)
Other receivables		(1,221,611)	1,520,972	(2,136,940)	302,726
Trade payables		490,905	(587,372)	564,067	(78,601)
Other payables		69,015	87,869	141,035	20,067
Cash generated from operations		5,903,391	10,097,830	2,236,121	2,037,080
Interest paid		(5,989)	(9,057)	(14,902)	(5,220)
Tax paid		(1,958,322)	(1,670,153)	(927,595)	(337,500)
Tax refunded		302,141	-	-	98,724
Net cash from operating activities		4,241,221	8,418,620	1,293,624	1,793,084

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Cash flows (used in)/from investing activities					
Acquisition of property, plant and equipment		(8,271,825)	(679,379)	(43,649)	(1,743,824)
Decrease/(Increase) in amount owing by a related party		30,000	(30,000)	-	-
Interest received		297,205	186,100	85,163	105,136
Proceeds from disposal of property, plant and equipment		703,700	176,000	99,497	529,400
Net cash (used in)/from investing activities		(7,240,920)	(347,279)	141,011	(1,109,288)
Cash flows used in financing activities					
Repayment to Directors		-	-	-	(154,900)
(Decrease)/Increase in amount owing to a related party		(4,000)	4,000	-	-
Dividend paid		(3,000,000)	(3,020,000)	(20,000)	(3,000,000)
Decrease/(Increase) in fixed deposits pledged		1,324,523	(24,067)	(17,814)	(57,926)
Issuance of shares		100	-	-	19,900
Repayment of lease liabilities		(137,713)	(163,643)	(157,298)	(32,252)
Net cash used in financing activities		(1,817,090)	(3,203,710)	(195,112)	(3,225,178)

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

	Note	2024 RM	2023 RM	2022 RM	2021 RM
Net changes in cash and cash equivalents		(4,816,789)	4,867,631	1,239,523	(2,541,382)
Cash and cash equivalents at the beginning of the financial year	10	11,657,536	6,789,905	5,550,382	8,091,764
Cash and cash equivalents at the end of the financial year	10	6,840,747	11,657,536	6,789,905	5,550,382

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

SIK CHEONG BERHAD
(Incorporated in Malaysia)

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. General Information

1.1 Introduction

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

1.2 Background

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

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

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

1.3 Restructuring exercise

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

The share sale agreements were executed for:

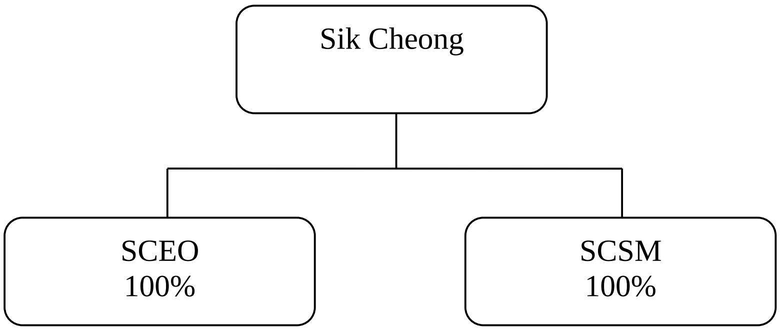
i) the acquisition by the Company of the entire equity interests in SCEO for a purchase consideration of RM19,449,982 which was satisfied via the issuance of 194,889,600 new shares at an issue price of RM0.0998 per share.
ii) the acquisition by the Company of the entire equity interests in SCSM for a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

The acquisitions of the above companies were completed on 20 May 2024 and combined using merger method of accounting.

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

1.3 Restructuring exercise (Cont'd)

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



The Group is regarded as a continuing entity resulting from the acquisitions since the management of all the entities which took major part in the acquisitions were controlled by the Directors and substantially under same major shareholders before and immediately after the acquisitions. Consequently, immediately after the acquisitions, there was a continuation of the control over the entities' financial and operating policy decisions and risks and benefits to the ultimate shareholders that existed prior to the acquisitions. The acquisitions have been accounted for as an acquisition under common control in a manner similar to pooling of interests. Accordingly, the combined financial statements for the financial years ended 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 have been prepared comprising of the financial statements of the combining entities which were under common control of the ultimate shareholders that existed prior to the acquisitions during the relevant periods.

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

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

1.4 Principal activities

The principal activity of the Company is investment holding.

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

Name of Company	Date of incorporation	Principal place of business	Issued share capital (RM)				Assumed effective equity interest (%)				Principal activities
			2024	2023	2022	2021	2024	2023	2022	2021	
Sik Cheong	23 June 2023	Malaysia	100	-	-	-	100	-	-	-	Investment holding
SCEO	18 April 1992	Malaysia	400,000	400,000	400,000	400,000	100	100	100	100	Repackaging, marketing and distribution of edible oil and other food products
SCSM	8 October 2019	Malaysia	20,000	20,000	20,000	20,000	100	100	100	100	Distribution of lamp oil and other trading products

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

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

1.5 Share capital

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

Date of allotment	No. of shares allotted	Cumulative no. of shares allotted	Consideration	Cumulative issued share capital (RM)
23 June 2023	100	100	Cash	100
20 May 2024	194,889,600	194,889,700	Acquisition of SCEO	19,450,082
20 May 2024	5,110,300	200,000,000	Acquisition of SCSM	19,960,090
Upon listing	66,000,000	266,000,000	Public issue	37,780,090

1.6 Relevant financial years

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

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

Companies	Relevant financial years	Accounting standards applied	Auditors
Sik Cheong	Financial year ended ("FYE") 31 March 2024	Malaysian Financial Reporting Standards ("MFRS")	UHY
SCEO	FYE 31 March 2021*	Malaysian Private Entities Reporting Standard ("MPERS")	Reanda LLKG International
	FYE 31 March 2022*	MPERS	Reanda LLKG International
	FYE 31 March 2023	MFRS	UHY
	FYE 31 March 2024	MFRS	UHY
SCSM	FYE 31 March 2021^		
	FYE 31 March 2022^		
	FYE 31 March 2023^		
	FYE 31 March 2024	MFRS	UHY

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

1.6 Relevant financial years (Cont'd)

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

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

2. **Basis of Preparation**

(a) Statement of compliance

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

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

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

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

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

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the new standard and amendments to standards did not have any significant impact on the financial statements of the Group except for:

<u>Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies</u>

The Group has adopted the amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 *Materiality Practice Statement* for the first time in the current financial year. The amendments change the requirements in MFRS 101 *Presentation of Financial Statements* with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

(i) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

The adoption of the new standard and amendments to standards did not have any significant impact on the financial statements of the Group except for: (Cont'd)

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies (Cont'd)

Amendments to MFRS 101 *Presentation of Financial Statements* are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments have no effect on the measurement, recognition or presentation of any items in the Group's financial statements but affect the disclosure of accounting policies.

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

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

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

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

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

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

<u>Determining the lease term of contracts with renewal and termination options</u>

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

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

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

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

Judgements (Cont'd)

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

Determining the lease term of contracts with renewal and termination options (Cont'd)

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

Key sources of estimation uncertainty

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

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

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

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

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

Key sources of estimation uncertainty (Cont'd)

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

Discount rate used in leases

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

Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2024, the Group has tax recoverable of RM101,207 (2023: RM80,149, 2022: RM22,008 and 2021: RM87,641) and tax payable of RM310,682 (2023: RM393,970, 2022: RM25,426 and 2021: RM39,716).

3. **Material Accounting Policy Information**

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

(a) Basis of consolidation - business combinations

The Group account for its business combinations using merger method of accounting.

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The acquisition of the combining entities resulted in a business involving common control since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3.

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

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation

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

3. **Material Accounting Policy Information (Cont'd)**

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

(ii) Depreciation (Cont'd)

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

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

(c) Leases

(i) As lessee

The Group presents right-of-use assets and lease liabilities as separate lines in the combined statements of financial position.

Right-of-use ("ROU") assets

The ROU assets are measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities.

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

Buildings	2 - 5 years

Lease liabilities

The lease liabilities are initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates.

3. **Material Accounting Policy Information (Cont'd)**

(c) Leases (Cont'd)

(i) As lessee (Cont'd)

<u>Lease liabilities (Cont'd)</u>

The Group remeasures the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate asset, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

(ii) As lessor

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term as part of other income.

(d) Investment properties

(i) Recognition and measurement

Investment properties are measured at cost less accumulated depreciation and any impairment losses.

(ii) Depreciation

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

Leasehold land	Remaining lease period
Buildings	2%

3. Material Accounting Policy Information (Cont'd)

(e) Financial assets

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

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

The Group determines the classification of its financial assets at initial recognition, and the categories include trade and other receivables, fixed deposits and cash and bank balances.

Financial assets at amortised cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets at fair value through other comprehensive income ("FVOCI")

The Group has not designated any financial assets at FVOCI.

Financial assets at fair value through profit or loss ("FVTPL")

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

3. Material Accounting Policy Information (Cont'd)

(e) Financial assets (Cont'd)

Financial assets at fair value through profit or loss ("FVTPL") (Cont'd)

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

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

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

(f) Financial liabilities

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

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

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

3. **Material Accounting Policy Information (Cont'd)**

(g) Inventories

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

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

(h) Revenue and other income recognition

(i) Sale of goods

The Group repackages, markets and distributes refined, bleached, deodorised ("RBD") palm olein oil products and trading of third-party products. Revenue from sale of goods is recognised at a point in time when control of the goods has been transferred to the customers, generally on the delivery of goods. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes collected on behalf of the government.

(ii) Rental income

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

(i) Government grants

Government grants which relate to an expense item is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate and are deducted in reporting the related expenses.

(j) Statements of cash flows

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

4. **Property, Plant and Equipment**

	Leasehold land and building RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Plant and machinery RM	Renovation and signboards RM	Computers RM	Tools and equipment RM	Total RM
2024									
Cost									
At 1 April 2023	-	226,317	5,044,867	341,123	1,998,903	372,941	103,118	384,416	8,471,685
Additions	10,943,504	194,074	286,190	58,707	96,949	85,199	17,891	39,311	11,721,825
Disposals	-	-	(2,055,428)	-	(29,500)	-	-	-	(2,084,928)
Write offs	-	-	-	(10,964)	-	-	-	(1,776)	(12,740)
Transfer from investment properties	2,085,065	-	-	-	-	-	-	-	2,085,065
At 31 March 2024	13,028,569	420,391	3,275,629	388,866	2,066,352	458,140	121,009	421,951	20,180,907
Accumulated depreciation									
At 1 April 2023	-	212,155	3,769,357	257,669	1,833,248	251,882	53,945	334,340	6,712,596
Charge for the year	91,085	34,146	456,273	23,035	81,018	35,034	15,168	23,693	759,452
Disposals	-	-	(2,030,245)	-	(29,499)	-	-	-	(2,059,744)
Write offs	-	-	-	(9,785)	-	-	-	(1,775)	(11,560)
Transfer from investment properties	450,564	-	-	-	-	-	-	-	450,564
At 31 March 2024	541,649	246,301	2,195,385	270,919	1,884,767	286,916	69,113	356,258	5,851,308
Net carrying amount									
At 31 March 2024	12,486,920	174,090	1,080,244	117,947	181,585	171,224	51,896	65,693	14,329,599

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

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

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

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

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

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

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

The aggregate additional costs for property, plant and equipment of the Group acquired during the financial year were through the following:

	2024 RM	2023 RM	2022 RM	2021 RM
Aggregate costs	11,721,825	679,379	43,649	1,743,824
Less: In arrears to other payables	(3,450,000)	-	-	-
Cash payments	8,271,825	679,379	43,649	1,743,824

5. Right-of-Use Assets

	2024 RM	2023 RM	2022 RM	2021 RM
Buildings				
At cost				
At 1 April	526,971	515,495	515,495	109,453
Additions	18,342	11,476	-	406,042
Modification of lease contract	100,053	-	-	-
Termination of lease contract	(386,887)	-	-	-
At 31 March	258,479	526,971	515,495	515,495
Accumulated amortisation				
At 1 April	366,543	203,793	41,524	7,297
Charge for the financial year	135,072	162,750	162,269	34,227
Termination of lease contract	(375,508)	-	-	-
At 31 March	126,107	366,543	203,793	41,524
Carrying amount				
At 31 March	132,372	160,428	311,702	473,971

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

	2024 RM	2023 RM	2022 RM	2021 RM
Aggregate costs	18,342	11,476	-	406,042
Less: Lease financing	(18,342)	(11,476)	-	(406,042)
Cash payments	-	-	-	-

6. **Investment Properties**

	2024 RM	2023 RM	2022 RM	2021 RM
Leasehold land and buildings				
At cost				
At 1 April	2,331,065	2,264,065	2,264,065	2,264,065
Transfer (to)/from property, plant and equipment	(2,085,065)	67,000	-	-
At 31 March	246,000	2,331,065	2,264,065	2,264,065
Accumulated depreciation				
At 1 April	490,564	447,359	415,048	382,736
Charge for the financial year	3,000	33,128	32,311	32,312
Transfer (to)/from property, plant and equipment	(450,564)	10,077	-	-
At 31 March	43,000	490,564	447,359	415,048
Carrying amount				
At 31 March	203,000	1,840,501	1,816,706	1,849,017
Fair value of investment properties	480,157	6,851,771	6,636,407	6,636,407

(a) Fair value basis of investment properties

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

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

6. Investment Properties (Cont'd)

(b) Income and expenses recognised in profit or loss

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

	2024 RM	2023 RM	2022 RM	2021 RM
Lease income	25,200	120,300	138,400	132,000
Direct operating expenses:				
- Income generating investment properties	1,942	12,422	7,001	8,814

7. Inventories

	2024 RM	2023 RM	2022 RM	2021 RM
At cost				
Packing materials	313,728	257,066	535,053	236,642
Raw materials	409,116	253,409	597,395	208,304
Finished goods	483,268	518,727	478,428	469,205
	1,206,112	1,029,202	1,610,876	914,151
Recognised in profit or loss:				
Inventories recognised as cost of sales	78,652,722	80,998,397	64,755,650	43,714,479

8. Trade Receivables

Trade receivables of the Group are generally on 30 days (2023: 30 days, 2022: 30 days and 2021: 30 days) credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is an amount of Nil (2023: RM1,487, 2022: Nil and 2021: Nil) owing by a Director.

8. **Trade Receivables (Cont'd)**

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

	2024 RM	2023 RM	2022 RM	2021 RM
Neither past due nor impaired	4,410,224	3,948,787	3,840,669	3,177,362
Past due not impaired:				
Less than 30 days	1,389,724	885,074	789,234	651,512
31 to 60 days	167,863	53,996	189,254	269,773
61 to 90 days	23,595	-	4,948	51,234
More than 90 days	64,005	43,614	123,239	233,718
Total past due but not impaired	1,645,187	982,684	1,106,675	1,206,237
	6,055,411	4,931,471	4,947,344	4,383,599

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

As at 31 March 2024, trade receivables of the Group amounting to RM1,645,187 (2023: RM982,684, 2022: RM1,106,675 and 2021: RM1,206,237) were past due but not impaired. These relate to a number of customers from whom there is no recent history of default.

9. **Other Receivables**

	2024 RM	2023 RM	2022 RM	2021 RM
Other receivables	1,480,928	1,720,407	3,214,695	1,069,126
Deposits	70,333	37,173	37,272	46,024
Prepayments	1,403,448	5,518	2,103	1,980
	2,954,709	1,763,098	3,254,070	1,117,130

Included in other receivables of the Group is:

i. an amount of RM1,341,430 (2023: RM1,679,920, 2022: RM3,089,484 and 2021: RM840,011) receivable from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup in relation to the Cooking Oil Price Stabilisation Scheme ("COSS") and Program Mekanisme Kawalan Harga Minyak Masak ("MKHMM").

ii. an amount of Nil (2023: RM30,000, 2022: Nil and 2021: Nil) owing by a related party which are non-trade in nature, unsecured, interest-free and repayable on demand.

10. **Cash and Cash Equivalents**

	2024 RM	2023 RM	2022 RM	2021 RM
Cash and bank balances	2,213,207	3,642,873	5,427,659	3,235,481
Fixed deposits with licensed banks	40,687	1,324,523	1,300,456	1,282,642
At fair value through profit or loss				
Cash management fund	4,586,853	8,014,663	1,362,246	2,314,901
	6,840,747	12,982,059	8,090,361	6,833,024
Fixed deposits pledged with licensed bank	-	(1,324,523)	(1,300,456)	(1,282,642)
	6,840,747	11,657,536	6,789,905	5,550,382

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

b) The interest rates of fixed deposits of the Group during the financial year ranges from 2.10% to 2.75% (2023: 1.30% to 2.25%, 2022: 1.30% to 1.75% and 2021: 1.30% to 3.00%) per annum and the maturities of fixed deposits as at the end of the financial year is 365 days (2023: 30 days to 365 days, 2022: 30 days to 365 days and 2021: 30 days to 365 days).

11. **Share Capital**

	Number of shares 2024 Units	Amount 2024 RM	Number of shares 2023 Units	Amount 2023 RM	Number of shares 2022 Units	Amount 2022 RM	Number of shares 2021 Units	Amount 2021 RM
Issued and fully paid ordinary shares								
At 1 April	420,000	420,000	420,000	420,000	420,000	420,000	400,100	400,100
Issued during the year	100	100	-	-	-	-	19,900	19,900
At 31 March	420,100	420,100	420,000	420,000	420,000	420,000	420,000	420,000

In the financial year ended 31 March 2024, 100 new ordinary shares were issued at an issue price of RM1 per ordinary share through the incorporation of Sik Cheong on 23 June 2023 by cash.

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

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

12. **Lease Liabilities**

	2024 RM	2023 RM	2022 RM	2021 RM
At 1 April	167,090	319,257	476,555	102,765
Additions	18,342	11,476	-	406,042
Lease modification	100,053	-	-	-
Interest expense	5,989	9,057	14,902	4,798
Payments of interest expense	(5,989)	(9,057)	(14,902)	(4,798)
Payments of principal	(137,713)	(163,643)	(157,298)	(32,252)
Termination of lease contract	(11,963)	-	-	-
At 31 March	135,809	167,090	319,257	476,555
Presented as:				
Current portion	56,319	138,817	163,185	157,298
Non-current portion	79,490	28,273	156,072	319,257
	135,809	167,090	319,257	476,555

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

	2024 RM	2023 RM	2022 RM	2021 RM
Repayable within one year	61,200	142,200	172,200	172,200
Repayable more than one year and less than two years	56,400	25,700	136,200	172,200
Repayable more than two years and less than five years	25,800	3,150	23,350	159,550
	143,400	171,050	331,750	503,950
Less: Future finance charges	(7,591)	(3,960)	(12,493)	(27,395)
Present value of right-of-use lease liabilities	135,809	167,090	319,257	476,555

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

The interest rate of the Group for the lease liabilities at the reporting date ranges from 3.68% to 4.43% (2023: 3.68% to 4.32%, 2022: 3.68% and 2021: 3.68%) per annum.

13. **Deferred Tax Liabilities**

	2024 RM	2023 RM	2022 RM	2021 RM
At 1 April	186,818	191,269	171,469	129,500
Recognised in profit or loss (Note 19)	56,733	(4,451)	19,800	41,969
At 31 March	243,551	186,818	191,269	171,469

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

	2024 RM	2023 RM	2022 RM	2021 RM
Deferred tax asset	27,633	37,390	72,361	108,564
Deferred tax liabilities	(271,184)	(224,208)	(263,630)	(280,033)
	(243,551)	(186,818)	(191,269)	(171,469)

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

Deferred tax asset

	Lease liabilities RM
2024	
At 1 April 2023	37,390
Recognised in profit or loss	(9,757)
At 31 March 2024 (before offsetting)	27,633
Offsetting	(27,633)
At 31 March 2024 (after offsetting)	-
2023	
At 1 April 2022	72,361
Recognised in profit or loss	(34,971)
At 31 March 2023 (before offsetting)	37,390
Offsetting	(37,390)
At 31 March 2023 (after offsetting)	-
2022	
At 1 April 2021	108,564
Recognised in profit or loss	(36,203)
At 31 March 2022 (before offsetting)	72,361
Offsetting	(72,361)
At 31 March 2022 (after offsetting)	-

13. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and asset during the financial year are as follows: (Cont'd)

Deferred tax asset (Cont'd)

	Lease liabilities RM
2021	
At 1 April 2020	-
Recognised in profit or loss	108,564
At 31 March 2021 (before offsetting)	108,564
Offsetting	(108,564)
At 31 March 2021 (after offsetting)	-

Deferred tax liabilities

	Accelerated capital allowance RM	Right-of-use assets RM	Total RM
2024			
At 1 April 2023	188,222	35,986	224,208
Recognised in profit or loss	55,993	(9,017)	46,976
At 31 March 2024 (before offsetting)	244,215	26,969	271,184
Offsetting			(27,633)
At 31 March 2024 (after offsetting)			243,551
2023			
At 1 April 2022	192,849	70,781	263,630
Recognised in profit or loss	(4,627)	(34,795)	(39,422)
At 31 March 2023 (before offsetting)	188,222	35,986	224,208
Offsetting			(37,390)
At 31 March 2023 (after offsetting)			186,818
2022			
At 1 April 2021	171,873	108,160	280,033
Recognised in profit or loss	20,976	(37,379)	(16,403)
At 31 March 2022 (before offsetting)	192,849	70,781	263,630
Offsetting			(72,361)
At 31 March 2022 (after offsetting)			191,269

13. **Deferred Tax Liabilities (Cont'd)**

The components and movements of deferred tax liabilities and asset during the financial year are as follows: (Cont'd)

<u>Deferred tax liabilities (Cont'd)</u>

	Accelerated capital allowance RM	Right-of-use assets RM	Total RM
2021			
At 1 April 2020	129,500	-	129,500
Recognised in profit or loss	42,373	108,160	150,533
At 31 March 2021 (before offsetting)	171,873	108,160	280,033
Offsetting			(108,564)
At 31 March 2021 (after offsetting)			171,469

14. **Trade Payables**

The normal trade credit terms granted to the Group is 30 days (2023: 30 days, 2022: 30 days and 2021: 30 days) depending on the terms of the contract.

15. **Other Payables**

	2024 RM	2023 RM	2022 RM	2021 RM
Other payables	96,854	54,266	55,700	62,161
Accruals	428,454	446,070	353,072	200,871
Deposit received	80,143	40,100	36,000	36,000
Advance payment from customer	-	-	3,795	8,500
Amount owing to Directors	3,450,000	-	-	-
	4,055,451	540,436	448,567	307,532

a) Included in other payables of the Group is an amount of Nil (2023: RM4,000, 2022: Nil and 2021: Nil) owing to a related party which are non-trade in nature, unsecured, interest-free and repayable on demand.

15. **Other Payables (Cont'd)**

b) Amount owing to Directors represent the remaining amount payable for the acquisition of a piece of 99-year leasehold land expiring on 28 January 2091, held under HSM 28329 PT 28103, Locality of Kampung Ampang Tasik Tambahan, Mukim of Empang, District of Hulu Langat and State of Selangor, measuring 18,067 square feet together with a corner lot of 2-storey semi-detached factory with mezzanine office bearing postal address No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan, being the Group's headquarters and main packaging facility, pursuant to the sale and purchase agreement entered into between Wong Hin Loong and Wong Hing Ngiap and SCEO with purchase consideration of RM10,500,000. This amount is unsecured, interest free and repayable based on the manner of payment as stated in the sales and purchase agreement.

16. **Revenue**

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Revenue from contracts with customers				
Sales of goods	79,583,304	78,235,837	59,741,717	42,574,387
Timing of revenue recognition				
At point in time	79,583,304	78,235,837	59,741,717	42,574,387

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

17. **Finance Costs**

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Interest expenses on:				
Bank overdrafts	-	-	-	422
Lease liabilities	5,989	9,057	14,902	4,798
	5,989	9,057	14,902	5,220

17. **Finance Costs (Cont'd)**

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

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

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

During the financial year ended 31 March 2024, the Group has cancelled their credit facilities and hence do not have any credit facilities from any financial institutions.

18. **Profit Before Tax**

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

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Auditors' remuneration				
- statutory audit	51,500	50,000	24,500	20,000
Amortisation of ROU assets	135,072	162,750	162,269	34,227
Bad debts written off	-	4,824	14,101	7,475
Depreciation of investment properties	3,000	33,128	32,311	32,312
Depreciation of property, plant and equipment	759,452	621,364	638,641	642,226
Gain on disposal of property, plant and equipment	(678,516)	(175,996)	(95,779)	(395,466)
Gain on termination of lease contract	(584)	-	-	-
Government subsidy	(5,116,793)	(8,352,846)	(8,341,226)	(4,729,781)
Interest income	(297,205)	(186,100)	(85,163)	(105,136)
Property, plant and equipment written off	1,180	9,690	-	7,564
Staff costs (Note 22)	4,369,728	3,639,214	2,915,036	2,495,980
Rental expenses relating to short term lease	2,650	-	-	121,800
Rental income	(100,120)	(120,300)	(138,400)	(132,000)

19. **Taxation**

	2024 RM	2023 RM	2022 RM	2021 RM
Tax expenses recognised in profit or loss				
Current tax	1,666,701	1,981,934	1,046,690	578,416
Overprovision in prior years	(114,866)	(1,378)	(67,752)	(55,475)
	1,551,835	1,980,556	978,938	522,941
Deferred tax (Note 13)				
Origination and reversal of temporary differences	102,758	(2,091)	2,464	21,345
(Over)/Underprovision in prior years	(46,025)	(2,360)	17,336	20,624
	56,733	(4,451)	19,800	41,969
	1,608,568	1,976,105	998,738	564,910

Malaysian income tax is calculated at the statutory tax rate of 24% (2023: 24%, 2022: 24% and 2021: 24%) of the estimated assessable profits for the financial year.

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

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

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Profit before tax	7,937,544	8,004,921	4,261,248	2,417,394
At Malaysian statutory tax rate of 24% (2023: 24% 2022: 24% and 2021: 24%)	1,905,011	1,921,181	1,022,700	580,175
Effect of differential tax rate for first RM150,000 (2023: RM150,000, 2022: RM600,000 and 2021: RM600,000) at 15% (2023: 15%, 2022: 17% and 2021: 17%)	(13,500)	(13,500)	(5,868)	(55,429)
Effect of differential tax rate on next RM450,000 (2023: RM450,000, 2022: Nil and 2021: Nil) at 17% (2023: 17%, 2022: Nil and 2021: Nil)	(27,456)	(10,441)	-	-
Income not subject to tax	(151,990)	(58,300)	(85,466)	(106,658)
Expenses not deductible for tax purpose	57,394	140,903	117,788	181,673
Overprovision of current tax in prior years	(114,866)	(1,378)	(67,752)	(55,475)
(Over)/Underprovision of deferred tax in prior years	(46,025)	(2,360)	17,336	20,624
	1,608,568	1,976,105	998,738	564,910

20. **Earnings Per Shares**

(a) Basic earnings per share

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

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Profit for the financial year attributable to owners of the parent (RM)	6,328,976	6,028,816	3,262,510	1,852,484
Weighted average number of ordinary shares in issue				
Issued ordinary shares at 1 April	420,000	420,000	420,000	400,100
Effect of issuance of shares	77	-	-	14,939
Weighted average number of ordinary shares in issue at 31 March	420,077	420,000	420,000	415,039
Basic earnings per share (RM)	15.07	14.35	7.77	4.46

(b) Diluted earnings per share

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

21. Dividends

	2024 RM	2023 RM	2022 RM	2021 RM
In respect of the financial year ended 31 March 2023				
A single tier dividend of RM15 per ordinary share on 400,000 ordinary shares of SCEO	-	6,000,000	-	-
A single tier dividend of RM1 per ordinary share on 20,000 ordinary shares of SCSM	-	20,000	-	-
In respect of the financial year ended 31 March 2022				
A single tier dividend of RM1 per ordinary share on 20,000 ordinary shares of SCSM	-	-	20,000	-
In respect of the financial year ended 31 March 2021				
A single tier dividend of RM7.50 per ordinary share on 400,000 ordinary shares of SCEO	-	-	-	3,000,000
	-	6,020,000	20,000	3,000,000

22. Staff Costs

	2024 RM	2023 RM	2022 RM	2021 RM
Salaries, wages and other emoluments	3,727,449	3,075,233	2,585,395	2,433,271
Defined contribution plans	478,997	403,214	336,510	305,899
Social security contributions	45,627	40,036	32,976	30,629
Other expenses	121,105	219,901	209,835	159,981
Wages subsidy	(3,450)	(99,170)	(249,680)	(433,800)
	4,369,728	3,639,214	2,915,036	2,495,980

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

	2024 RM	2023 RM	2022 RM	2021 RM
Directors				
Salaries, wages and other emoluments	605,599	701,260	595,385	540,000
Defined contribution plans	115,115	133,260	114,380	102,600
Social security contributions	2,168	3,122	2,092	1,516
Benefits in kind	56,390	52,368	52,603	50,743
	779,272	890,010	764,460	694,859

	2024 RM	2023 RM	2022 RM	2021 RM
Key management personnel				
Salaries, wages and other emoluments	641,431	371,949	172,833	134,271
Defined contribution plans	96,613	54,933	30,388	28,303
Social security contributions	3,505	3,198	1,385	923
Benefits in kind	5,257	34,656	38,583	47,900
	746,806	464,736	243,189	211,397

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

	At 1 April RM	Financing cash flows (i) RM	Operating cash flows RM	Other changes (ii) RM	At 31 March RM
2024					
Other payables	540,436	(4,000)	69,015	3,450,000	4,055,451
Dividend payable	3,000,000	(3,000,000)	-	-	-
Lease liabilities	167,090	(137,713)	-	106,432	135,809
	3,707,526	(3,141,713)	69,015	3,556,432	4,191,260
2023					
Other payables	448,567	4,000	87,869	-	540,436
Dividend payable	-	-	-	3,000,000	3,000,000
Lease liabilities	319,257	(163,643)	-	11,476	167,090
	767,824	(159,643)	87,869	3,011,476	3,707,526

23. **Reconciliation of Liabilities Arising from Financing Activities (Cont'd)**

	At 1 April RM	Financing cash flows (i) RM	Operating cash flows RM	Other changes (ii) RM	At 31 March RM
2022					
Lease liabilities	476,555	(157,298)	-	-	319,257
2021					
Other payables	442,365	(154,900)	20,067	-	307,532
Lease liabilities	-	(32,252)	-	508,807	476,555
	442,365	(187,152)	20,067	508,807	784,087

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

(ii) Other changes include dividend declared but not paid, additions and modification to lease liabilities, termination of lease contract and outstanding payables arising from acquisition of a property.

24. **Related Party Disclosures**

(a) Identified related parties

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

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

(b) Significant related party transactions

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

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Transactions with a related party				
Insurance premium collected	8,667	37,168	-	-
Insurance premium paid	-	(17,406)	(91,479)	-
Rental payable	(33,300)	(28,200)	(28,200)	(28,200)
Management fee	-	110,000	-	-
Transactions with Directors				
Acquisition of property	(10,500,000)	-	-	-
Insurance premium collected	20,248	14,087	-	-
Rental payable	(105,600)	(144,500)	(144,000)	(132,000)

(c) Compensation of key management personnel

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

25. **Segmental Information**

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

(a) Business segment

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

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

(b) Geographical segment

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

(c) Major customers

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

26. **Financial Instruments**

(a) Classification of financial instruments

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

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

	2024 RM	**2023 RM**	**2022 RM**	**2021 RM**
Financial assets				
At fair value through profit or loss:				
Cash management fund	4,586,853	8,014,663	1,362,246	2,314,901
At amortised costs:				
Trade receivables	6,055,411	4,931,471	4,947,344	4,383,599
Other receivables (excluded prepayments)	1,551,261	1,757,580	3,251,967	1,115,150
Fixed deposits with licensed bank	40,687	1,324,523	1,300,456	1,282,642
Cash and bank balances	2,213,207	3,642,873	5,427,659	3,235,481
Financial liabilities				
At amortised costs:				
Trade payables	784,735	293,830	881,202	317,135
Other payables (excluded advance payment from customer	4,055,451	540,436	444,772	299,032
Dividend payable	-	3,000,000	-	-
Lease liabilities	135,809	167,090	319,257	476,555

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

(b) Financial risk management objectives and policies

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

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

(i) Credit risk

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

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

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

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

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

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

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

(i) Credit risk (Cont'd)

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

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

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

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

(ii) Liquidity risk

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

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

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

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

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

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
2024					
Non-derivative financial liabilities					
Trade payables	784,735	-	-	784,735	784,735
Other payables	4,055,451	-	-	4,055,451	4,055,451
Lease liabilities	61,200	56,400	25,800	143,400	135,809
	4,901,386	56,400	25,800	4,983,586	4,975,995
2023					
Non-derivative financial liabilities					
Trade payables	293,830	-	-	293,830	293,830
Other payables	540,436	-	-	540,436	540,436
Dividend payable	3,000,000	-	-	3,000,000	3,000,000
Lease liabilities	142,200	25,700	3,150	171,050	167,090
	3,976,466	25,700	3,150	4,005,316	4,001,356

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

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

(ii) Liquidity risk (Cont'd)

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

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

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

(iii) Market risks

Interest rate risk

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

(c) Fair values of financial instruments

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

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

	Fair value of financial instruments carried at fair value	**Fair value of financial instruments not carried at fair value**		
	Level 2 RM	**Level 2 RM**	**Total fair value RM**	**Carrying amount RM**
2024				
Financial asset				
Cash management fund	4,586,853	-	4,586,853	4,586,853
Financial liabilities				
Lease liabilities	-	74,370	74,370	79,490

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

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

	Fair value of financial instruments carried at fair value Level 2 RM	Fair value of financial instruments not carried at fair value Level 2 RM	Total fair value RM	Carrying amount RM
2023				
Financial asset				
Cash management fund	8,014,663	-	8,014,663	8,014,663
Financial liabilities				
Lease liabilities	-	26,671	26,671	28,273
2022				
Financial asset				
Cash management fund	1,362,246	-	1,362,246	1,362,246
Financial liabilities				
Lease liabilities	-	147,554	147,554	156,072
2021				
Financial asset				
Cash management fund	2,314,901	-	2,314,901	2,314,901
Financial liabilities				
Lease liabilities	-	302,509	302,509	319,257

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

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

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

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

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

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

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

Level 3: unobservable inputs for the asset or liability.

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

27. **Capital Commitment**

	2024 **RM**	**2023** **RM**	**2022** **RM**	**2021** **RM**
Authorised and contracted for:				
Acquisition of property, plant and equipment	435,000	-	-	66,675

28. Capital Management

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

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

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

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

29. Significant Event During and After the Reporting Years

(a) Acquisition of SCEO and SCSM

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

The share sale agreements were executed for:

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

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

The completion of the acquisitions is conditional upon, amongst others, approvals from Bursa Securities in relation to the listing and quotation of its entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Securities, which was obtained on 9 May 2024.

The acquisitions were completed on 20 May 2024.

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

30. **Significant Event During and After the Reporting Years (Cont’d)**

(b) Acquisition of property

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

On 1 March 2024, the Company has entered into a Sale and Purchase Agreement (“SPA”) with Low Guat Seow to acquire the property bearing the postal address No. 52-2D (Block A2), Jalan 6/9, Kampung Tasek Tambahan, 68000 Ampang, Selangor Darul Ehsan for a consideration of RM150,000. The acquisition was completed subsequent to the financial year.

31. **Date of Authorisation for Issue**

The combined financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 1 July 2024.

SIK CHEONG BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, WONG HIN LOONG and WONG HING NGIAP the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the combined financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Prospectus Guidelines issued by the Securities Commission Malaysia so as to give a true and fair view of the financial position of the Group as at 31 March 2021, 31 March 2022, 31 March 2023 and 31 March 2024 and of its financial performance and cash flows for the financial years then ended on those dates.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 1 July 2024.

WONG HING NGIAP

WONG HIN LOONG

KUALA LUMPUR

UHY (AF1411)
Chartered Accountants
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The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

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Web www.uhy.com.my

1 July 2024

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

Dear Sirs/Madams,

SIK CHEONG BERHAD
REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

We have completed our assurance engagement to report on the compilation of the pro forma combined statements of financial position of Sik Cheong Berhad ("Sik Cheong" or "the Company") and its combining entities (collectively known as "Sik Cheong Group" or "the Group") for which the Directors of Sik Cheong are solely responsible. The pro forma combined statements of financial position consist of the pro forma combined statements of financial position as at 31 March 2024 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification.

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

The pro forma combined statements of financial position of the Group has been compiled by the Directors of Sik Cheong, for illustrative purposes only, for the inclusion in the prospectus of Sik Cheong ("Prospectus") in connection with the initial public offering ("IPO") and the listing and quotation of the entire enlarged issued share capital of Sik Cheong on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing"), after making certain assumptions and adjustments to show the effects on the pro forma combined statements of financial position of Sik Cheong as at 31 March 2024 adjusted for the events and transactions as disclosed in the notes to the pro forma combined statements of financial position. As part of this process, financial information about Sik Cheong's pro forma combined statements of financial position has been extracted by the Directors of Sik Cheong from the audited financial statements of its combining entities for the financial year ended 31 March 2024, on which their auditors' report have been issued without any modifications.

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

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

Reporting Accountants' Independence and Quality Management

We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Reporting Accountants' Responsibilities

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

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

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

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

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

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

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

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

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

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

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Opinion

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

Other Matters

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

Yours faithfully,

UHY
Firm Number: AF 1411
Chartered Accountants

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

Kuala Lumpur

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

1. Introduction

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

2. Basis of Preparation

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

The pro forma combined statements of financial position of the Group as at 31 March 2024 has been compiled based on the audited financial statements of the Group for the financial year ended ("FYE") 31 March 2024, which has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The pro forma combined statements of financial position of the Group have been presented in a manner consistent with both the format of the audited financial statements and accounting policies adopted by the Group in the preparation of its audited financial statements for the FYE 31 March 2024.

The audited financial statements of the Group for the FYE 31 March 2024 were reported without any modifications and were not subjected to any audit qualifications or disclaimer of opinions.

The pro forma combined statements of financial position of the Group, of which the Directors of Sik Cheong are solely responsible, have been prepared to illustrate the impact of the events and transactions set out in Notes 3 and 4 to the pro forma combined statements of financial position had the events and transactions been effected on 31 March 2024, and should be read in conjunction with the accompanying notes thereon.

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

2. Basis of Preparation (Cont'd)

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

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

Under the merger method:

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

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

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

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

3. Acquisition of Subsidiaries

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

The share sale agreements were executed for:

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

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

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

Upon completion of the acquisitions, SCEO and SCSM became wholly owned subsidiaries of Sik Cheong. The acquisitions were completed on 20 May 2024 and these entities were combined using merger method of accounting.

4. Listing Scheme

In conjunction with the IPO, the Company will undertake a public issue of 66,000,000 new ordinary shares in Sik Cheong ("Sik Cheong Shares" or "Shares") ("Public Issue") and offer for sale of 20,000,000 existing Shares ("Offer for Sale") at an IPO price of RM0.27 per Share.

4.1 Public Issue

The Public Issue will be allocated in the following manner:

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

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

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

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

4. Listing Scheme (Cont'd)

4.2 Offer for Sale

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

No impact will be illustrated for the Offer for Sale in the pro forma combined statements of financial position of the Group as at 31 March 2024 as this transaction does not affect the total number of new ordinary shares to be issued.

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

Upon completion of the IPO, the Company's entire enlarged issued share capital of RM37,780,090 comprising 266,000,000 ordinary shares will be listed and quoted on the ACE Market of Bursa Securities.

4.4 Proposed Utilisation of Proceeds

The gross proceeds from the IPO of RM17,820,000 are intended to be utilised as follows:

Utilisation of proceeds	**Amount (RM)**	**Estimated timeframe for utilisation from listing date**
Expansion of the packaging facility[(1)]	7,180,000	Within 18 months
Purchase of new delivery trucks[(2)]	890,000	Within 12 months
Working capital	5,950,000	Within 12 months
Estimated listing expenses[(3)]	3,800,000	Within 3 months
	17,820,000	

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

4. Listing Scheme (Cont'd)

4.4 Proposed Utilisation of Proceeds (Cont'd)

Notes:

(1) The Group intends to utilise RM7,180,000 of its IPO proceeds for the expansion of its packaging facility, Factory No. 9, located at No. 9, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan. The expansion involves rebuilding the current single-storey factory building into a 3-storey factory building which will house its new operations of repackaging of high oleic soybean oil and facilitate the future expansion of its repackaged refined, bleached and deodorised ("RBD") palm olein oil business.

(2) The Group intends to utilise RM890,000 of its IPO proceeds to purchase new delivery trucks to facilitate its expansion plans. As at latest practicable date of the prospectus, the Group has yet to enter into any contractual binding arrangements or issue any purchase orders in relation to the purchase of new delivery trucks. Accordingly, the utilisation of the proceeds earmarked for the purchase of new delivery trucks is not reflected in the pro forma combined statements of financial position.

(3) The estimated listing expenses totalling RM3,800,000 to be borne by the Group comprises professional fees, fees payable to authorities, underwriting, placement and brokerage fees and miscellaneous expenses. Estimated listing expenses of RM1,274,759 is assumed to be directly attributable to the Public Issue and will be set off against share capital while another RM2,525,241 of estimated listing expenses is assumed not to be directly attributable to the Public Issue and therefore will be charged to profit or loss.

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

5. Pro Forma Combined Statements of Financial Position as at 31 March 2024

The pro forma combined statements of financial position of the Group as at 31 March 2024 have been prepared for illustrative purposes only to show the effects of the events and transactions as mentioned in Note 3 to the pro forma combined statements of financial position on the assumption that these events and transactions have been effected on 31 March 2024 and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position.

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2024 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Non-Current Assets								
Property, plant and equipment	**7.1**	14,329,599	-	14,329,599	-	14,329,599	7,180,000	21,509,599
Right-of-use assets		132,372	-	132,372	-	132,372	-	132,372
Investment properties		203,000	-	203,000	-	203,000	-	203,000
		14,664,971	-	14,664,971	-	14,664,971	7,180,000	21,844,971

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

5. Pro Forma Combined Statements of Financial Position as at 31 March 2024 (Cont'd)

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2024 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Current Assets								
Inventories		1,206,112	-	1,206,112	-	1,206,112	-	1,206,112
Trade receivables		6,055,411	-	6,055,411	-	6,055,411	-	6,055,411
Other receivables		2,954,709	-	2,954,709	-	2,954,709	-	2,954,709
Tax recoverable		101,207	-	101,207	-	101,207	-	101,207
Fixed deposits with licensed bank		40,687	-	40,687	-	40,687	-	40,687
Cash and cash equivalents	**7.2**	6,800,060	-	6,800,060	17,820,000	24,620,060	(10,980,000)	13,640,060
		17,158,186	-	17,158,186	17,820,000	34,978,186	(10,980,000)	23,998,186
Total Assets		31,823,157	-	31,823,157	17,820,000	49,643,157	(3,800,000)	45,843,157

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

5. Pro Forma Combined Statements of Financial Position as at 31 March 2024 (Cont'd)

	Note	Audited as at 31.03.2024 RM	Adjustment for acquisitions RM	Pro Forma I After acquisitions RM	Adjustment Public Issue RM	Pro Forma II After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	Pro Forma III After Pro Forma II and utilisation of proceeds RM
Equity								
Share capital	**7.3**	420,100	19,539,990	19,960,090	17,820,000	37,780,090	(1,274,759)	36,505,331
Merger reserve	**7.4**	-	(19,539,990)	(19,539,990)	-	(19,539,990)	-	(19,539,990)
Retained earnings	**7.5**	25,872,829	-	25,872,829	-	25,872,829	(2,525,241)	23,347,588
Total Equity		26,292,929	-	26,292,929	17,820,000	44,112,929	(3,800,000)	40,312,929
Non-Current Liabilities								
Lease liabilities		79,490	-	79,490	-	79,490	-	79,490
Deferred tax liabilities		243,551	-	243,551	-	243,551	-	243,551
		323,041	-	323,041	-	323,041	-	323,041

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

5. Pro Forma Combined Statements of Financial Position as at 31 March 2024 (Cont'd)

				Pro Forma I		Pro Forma II		Pro Forma III
	Note	Audited as at 31.03.2024 RM	Adjustment for acquisitions RM	After acquisitions RM	Adjustment Public Issue RM	After Pro Forma I and Public Issue RM	Adjustment for utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Current Liabilities								
Trade payables		784,735	-	784,735	-	784,735	-	784,735
Other payables		4,055,451	-	4,055,451	-	4,055,451	-	4,055,451
Lease liabilities		56,319	-	56,319	-	56,319	-	56,319
Provision for taxation		310,682	-	310,682	-	310,682	-	310,682
		5,207,187	-	5,207,187	-	5,207,187	-	5,207,187
Total Liabilities		5,530,228	-	5,530,228	-	5,530,228	-	5,530,228
Total Equity and Liabilities		31,823,157	-	31,823,157	17,820,000	49,643,157	(3,800,000)	45,843,157
Number of ordinary shares (unit)		420,100		200,000,000		266,000,000		266,000,000
Net assets per share (RM)		62.59		0.13		0.17		0.15

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

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

6.1 Pro Forma I

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

6.2 Pro Forma II

Pro Forma II incorporate the effects of Pro Forma I and Public Issue and Listing as set out in Notes 4.1 and 4.3 to the pro forma combined statements of financial position.

6.3 Pro Forma III

Pro Forma III incorporate the effects of Pro Forma II and utilisation of proceeds as set out in Note 4.4 to the pro forma combined statements of financial position.

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

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

7.1 Property, Plant and Equipment

	RM
As at 31 March 2024 and as per Pro Forma I and II	14,329,599
Pursuant to utilisation of proceeds:	
- Expansion of packaging facility	7,180,000
As per Pro Forma III	21,509,599

7.2 Cash and Cash Equivalents

	RM
As at 31 March 2024 and as per Pro Forma I	6,800,060
Public Issue	17,820,000
As per Pro Forma II	24,620,060
Pursuant to utilisation of proceeds:	
- Expansion of packaging facility	(7,180,000)
- Estimated listing expenses	(3,800,000)
As per Pro Forma III	13,640,060

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

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

7.3 Share Capital

	RM
As at 31 March 2024^	420,100
Ordinary shares issued pursuant to acquisition of subsidiaries	19,959,990
Elimination of ordinary shares arising from acquisition of subsidiaries	(420,000)
As per Pro Forma I	19,960,090
Public Issue	17,820,000
As per Pro Forma II	37,780,090
Pursuant to utilisation of proceeds:	
- Estimated listing expenses attributable to Public Issue	(1,274,759)
As per Pro Forma III	36,505,331

^ Comprising of the issued share capital of SCEO comprising 400,000 ordinary shares amounting to RM400,000, issued share capital of SCSM comprising 20,000 ordinary shares amounting to RM20,000 and issued share capital of Sik Cheong comprising 100 ordinary shares amounting to RM100.

7.4 Merger Reserve

	RM
As at 31 March 2024	-
Acquisition of subsidiaries	(19,539,990)
As per Pro Forma I, II and III	(19,539,990)

7.5 Retained Earnings

	RM
As at 31 March 2024 and as per Pro Forma I and II	25,872,829
- Estimated listing expenses charged to profit or loss	(2,525,241)
As per Pro Forma III	23,347,588

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

Approval by Board of Directors

Approved and adopted on behalf of the Board of Directors in accordance with a resolution dated 1 July 2024.

WONG HING NGIAP	WONG HIN LOONG

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

(i) Save as disclosed in this Prospectus, no securities will be allotted, issued or offered on the basis of this Prospectus later than 6 months after the date of this Prospectus.

(ii) As at the date of this Prospectus, we only have 1 class of shares, namely ordinary shares, all of which rank equally with one another.

(iii) None of our Group's share capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.

(iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.

(v) There is no scheme involving our Directors and employees in the capital of our Group, except for the Pink Form Allocation.

(vi) Save as disclosed in Sections 4.3 and 6.1.3 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 3 years preceding the date of this Prospectus.

(vii) As at the date of this Prospectus, our Group does not have any outstanding convertible securities, options, warrants or uncalled capital.

15.2 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Constitution which complies with the Listing Requirements, the Act and the Rules of Bursa Depository.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires:

15.2.1 Remuneration, voting and borrowing powers of Directors

(i) <u>Remuneration of Director</u>

<u>Clause 84</u>

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

<u>Clause 93</u>

(1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.

(2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.

(3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.

(4) The following expenses shall be determined by the Directors:

(a) Traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and

(b) Other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.

(5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

(ii) Remuneration of Alternate Director

Clause 89

An Alternate Director:

(1) has no entitlement to receive remuneration from the Company and any fee paid by the Company to the Alternate Director shall be deducted from the Appointer's remuneration; and

(2) is entitled to be reimbursed for all the travelling and other expenses properly incurred by him in attending the Board Meetings on behalf of the Appointer from the Company.

(iii) Voting powers of Directors

Clause 105

(a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

(b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 118

(1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.

(2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

(iv) Borrowing powers of Directors

Clause 95

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

(1) borrow money;

(2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;

(3) issue debentures and other Securities whether outright or as security; and/or

(4) (a) lend and advance money or give credit to any person or company;

(b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;

(c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

15.2.2 Changes in share capital, rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights

(i) Change in share capital

Clause 12(1), (2) and (3)

(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:

(a) issue and allot shares in the Company; and

(b) grant rights to subscribe for shares or options over unissued shares in the Company.

(2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares (including rights or options over subscription of such shares):

(a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine;

(b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and

(c) for such consideration as the Directors may determine.

(3) (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) 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 that 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 dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security 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 46

(1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:

(a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or

(b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

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(2) The Company may from time to time by special resolution and subject to other applicable requirements:

(a) cancel shares which, at the date of the passing of the resolution in that regard, 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 or in such other manner allowed by law; or

(b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.

(3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

(ii) Variation of class rights

Clause 8(1) and (3)

(1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:

(a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or

(b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

(3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:

(a) the terms of the issue of the existing preference shares; or

(b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

15.2.3 Transfer of shares

Clause 14

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the 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 the Deposited Securities.

Clause 15

Where:

(a) the Securities of the Company are listed on another stock exchange; and

(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

Clause 17

(1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.

(2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

(3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18

(1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:

    (a) the instrument of transfer duly executed and stamped;

    (b) the certificate of the shares or debentures which the instrument of transfer relates; and

    (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.

(2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

Clause 19

(1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:

    (a) the shares are not fully paid shares;

    (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;

    (c) the Company has a lien on the shares; and/or

(d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.

(2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "Registers") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

15.3 LIMITATION ON THE RIGHT TO OWN SECURITIES AND/OR EXERCISE VOTING

There are no limitations imposed by law or by the constituent documents of our Company on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares.

15.4 MATERIAL LITIGATION

Our Group is not engaged in any material litigation and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors are not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business as at the LPD.

15.5 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any material contract (not being contracts entered into in the ordinary course of business) for the FYEs Under Review up to the date of this Prospectus:

(i) sale and purchase agreement dated 22 September 2023 ("**SPA**") in respect of sale and purchase of a piece of 99-year leasehold land expiring on 28 January 2091, held under HSM 28329 PT 28103, Locality of Kampung Ampang Tasik Tambahan, Mukim of Empang, District of Hulu Langat and State of Selangor, measuring 18,067 sq. ft. together with a corner lot of 2-storey semi-detached factory with mezzanine office bearing postal address No. 11, Jalan 6/14, Kampung Tasik Tambahan, 68000 Ampang, Selangor Darul Ehsan, being our headquarter and main packaging facility, entered into between Wong Hin Loong and Wong Hing Ngiap (as vendors) and SCEO (as purchaser) with purchase consideration of RM10,500,000. The Factory No. 11 has been successfully transferred to and registered in the name of SCEO on 1 December 2023. The balance purchase price of RM9,450,000.00 was fully settled on 16 May 2024 and the sale and purchase agreement of Factory No. 11 was completed on 16 May 2024;

(ii) share sale agreement dated 6 December 2023 entered into between Sik Cheong as purchaser and Wong Hin Loong and Wong Hing Ngiap, being the vendors in respect of acquisition of entire issued share capital of SCEO at the purchase consideration of RM19,449,982.08 which was settled by way of issuance of 194,889,600 Shares in Sik Cheong at an issue price of RM0.0998 each. The Acquisition of SCEO was completed on 20 May 2024;

(iii) share sale agreement dated 6 December 2023 entered into between Sik Cheong as purchaser and Choo Wai Yeen, Wong Cheng Jian, Wong Hin Loong and Wong Hing Ngiap, being the vendors in respect of acquisition of entire issued share capital of SCSM at the purchase consideration of RM510,007.94 which was settled by way of issuance of 5,110,300 Shares in Sik Cheong at an issue price of RM0.0998 each. The Acquisition of SCSM was completed on 20 May 2024; and

(iv) Underwriting Agreement dated 28 June 2024 between our Company and the Underwriter for the underwriting of 17,300,000 Issue Shares based on the underwriting commission at the rate set out in Section 4.9.2 of this Prospectus. Please refer to Section 4.10 of this Prospectus for further details of the Underwriting Agreement.

15.6 CONSENTS

(i) The written consents of our Principal Adviser, Sponsor, Underwriter and Placement Agent, Solicitors for our IPO, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issuance of this Prospectus, and have not subsequently been withdrawn.

(ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statements of Financial Position in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn.

(iii) The written consent of the IMR for the inclusion in this Prospectus of its name and the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus, and has not subsequently been withdrawn.

15.7 RESPONSIBILITY STATEMENTS

(i) This Prospectus has been seen and approved by our Directors, Promoters and the Selling Shareholders and they collectively and individually accept full responsibility for the accuracy of the information. 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) TA Securities 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 relating to our IPO.

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15.8 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

(i) Our Constitution;

(ii) The IMR Report as included in Section 8 of this Prospectus;

(iii) the Accountants' Report and the Reporting Accountants' Report on the Pro forma Consolidated Statements of Financial Position as at 31 March 2024 as referred to in Sections 13 and 14 respectively of this Prospectus;

(iv) The material contracts referred to in Section 15.5 of this Prospectus;

(v) The letters of consent referred to in Section 15.6 of this Prospectus; and

(vi) The audited financial statements of:

  (a) Sik Cheong for the FYE 2024;

  (b) SCEO for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024; and

  (c) SCSM for the financial year ended 30 September 2021, 18-month financial period ended 31 March 2023 and FYE 2024.

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16. 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 SHALL NOT RELY ON THIS SUMMARY FOR THE 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 THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section 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.

16.1 OPENING AND CLOSING OF APPLICATIONS

Applications for our IPO Shares will be accepted and closed at the time and date stated as below:

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 19 JULY 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 30 JULY 2024

If there is any change to the time or date for the closing of the applications for our IPO Shares, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

16.2 METHODS OF APPLICATIONS

16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that your Application will succeed.

Types of application and category of investors	Application method
(a) Applications by the Malaysian Public:	
(i) Individuals	• White Application form; or • Electronic Share Application; or • Internet Share Application
(ii) Non-Individuals	White Application form only
(b) Applications by Eligible Persons:	Pink Application Form only

16.2.2 Application by selected investors via private placement

Types of application	Application method
Applications by institutional and selected investors	Our Placement Agent will contact the Selected Investors directly. They should follow the Placement Agent's instructions.

16.3 ELIGIBILITY

16.3.1 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 100 IPO SHARES OR MULTIPLES OF 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 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.

16.3.2 Application 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 18 years old as at the date of the application for our IPO Shares;

(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 our Issuing House or an immediate family member of a director or employee of our Issuing House; and

(iii) You must submit Applications by using only one of the following methods:

(a) White Application Form;

(b) Electronic Share Application; or

(c) Internet Share Application.

16.3.3 Application by Eligible Persons

Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation as well as detailed procedures on how to subscribe to the allocated IPO Shares. Applicants must follow the notes and instructions on the said documents and where relevant, in this Prospectus.

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, our Issuing House, TA Securities, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

The Eligible Persons are not precluded from making additional application under the Malaysian Public category using either the White Application Form, Electronic Share Application or Internet Share Application.

16.4 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 based on the IPO Price of RM0.27 for each IPO Share.

Payment must be made out in favour of "**TIIH ISSUE ACCOUNT NO. 772**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

(i) despatch by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

(ii) **DELIVER BY HAND AND DEPOSIT** in the drop-in boxes provided at Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 30 July 2024 or by such other time and date specified in any change to the date or time for closing of the application for our IPO Shares.

We, together with our Issuing House, 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 Form to our Issuing House.

16.5 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 Electronic Participating Financial Institutions.

16.6 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 or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

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 or Participating Securities Firms.

16.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE

Our Issuing House, on the authority of our Board reserves the right to:

(i) reject Applications which:

(a) do not conform to the instructions of our 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 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House 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.

16.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, our Issuing House 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 basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website https://tiih.online within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% 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 the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and Pink Form Allocation, subject to the underwriting arrangement and reallocation as set out in Sections 4.3.3 and 4.3.4 respectively of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

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16.9 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.

16.9.1 For applications by way of Application Forms

(i) The Application monies or the balance of it, as the case may be, will be refunded 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 or provided an incorrect or incomplete 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 documents 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 our Issuing House as per items (i) and (ii) above (as the case may be).

(iv) Our Issuing House 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 ordinary post / 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).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

(i) Our Issuing House 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 our Issuing House.

(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 our Issuing House 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 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 our Issuing House.

16.10 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.

(iv) In accordance with Section 29 of the SICDA, all dealings in our 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.

16.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services Telephone at +03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firms 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 Issuing House website at https://tiih.online, within **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 Prospectus on the website of Bursa Securities.