

13. ACCOUNTANTS' REPORT



1 July 2024

The Board of Directors
Sik Cheong Berhad
No. 11, Jalan 6/14,
Kampung Tasik Tambahan,
68000 Ampang,
Selangor Darul Ehsan.

UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
Web www.uhy.com.my

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 2 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 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.

13. ACCOUNTANTS' REPORT (CONT'D)




- 4 -


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

13. ACCOUNTANTS' REPORT (CONT'D)

- 5 -

SIK CHEONG BERHAD

(Incorporated in Malaysia)

COMBINED STATEMENTS OF FINANCIAL POSITION

		2024	2023	2022	2021
		RM	RM	RM	RM
	Note				
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
		<u>14,664,971</u>	<u>3,760,018</u>	<u>3,896,099</u>	<u>4,689,389</u>
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
		<u>17,158,186</u>	<u>20,785,979</u>	<u>17,924,659</u>	<u>13,335,545</u>
Total assets		<u>31,823,157</u>	<u>24,545,997</u>	<u>21,820,758</u>	<u>18,024,934</u>
EQUITY					
Share capital	11	420,100	420,000	420,000	420,000
Retained earnings		<u>25,872,829</u>	<u>19,543,853</u>	<u>19,535,037</u>	<u>16,292,527</u>
Total equity		<u>26,292,929</u>	<u>19,963,853</u>	<u>19,955,037</u>	<u>16,712,527</u>
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
		<u>323,041</u>	<u>215,091</u>	<u>347,341</u>	<u>490,726</u>
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
		<u>5,207,187</u>	<u>4,367,053</u>	<u>1,518,380</u>	<u>821,681</u>
Total liabilities		<u>5,530,228</u>	<u>4,582,144</u>	<u>1,865,721</u>	<u>1,312,407</u>
Total equity and liabilities		<u>31,823,157</u>	<u>24,545,997</u>	<u>21,820,758</u>	<u>18,024,934</u>

The accompanying notes form an integral part of the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

- 6 -

SIK CHEONG BERHAD
(Incorporated in Malaysia)**COMBINED STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

		2024	2023	2022	2021
		RM	RM	RM	RM
	Note				
Revenue	16	79,583,304	78,235,837	59,741,717	42,574,387
Cost of sales		<u>(66,852,627)</u>	<u>(66,251,468)</u>	<u>(51,751,163)</u>	<u>(37,141,716)</u>
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		<u>(5,439,971)</u>	<u>(4,194,413)</u>	<u>(3,686,035)</u>	<u>(3,251,927)</u>
Profit from operations		7,943,533	8,013,978	4,276,150	2,422,614
Finance costs	17	<u>(5,989)</u>	<u>(9,057)</u>	<u>(14,902)</u>	<u>(5,220)</u>
Profit before tax	18	7,937,544	8,004,921	4,261,248	2,417,394
Taxation	19	<u>(1,608,568)</u>	<u>(1,976,105)</u>	<u>(998,738)</u>	<u>(564,910)</u>
Profit for the financial year, representing total comprehensive income for the financial year		<u>6,328,976</u>	<u>6,028,816</u>	<u>3,262,510</u>	<u>1,852,484</u>
Profit for the financial year, representing total comprehensive income for the financial year attributable to:					
Owners of the parent		<u>6,328,976</u>	<u>6,028,816</u>	<u>3,262,510</u>	<u>1,852,484</u>
Earnings per share (RM)	20				
Basic		15.07	14.35	7.77	4.46
Diluted		<u>15.07</u>	<u>14.35</u>	<u>7.77</u>	<u>4.46</u>

The accompanying notes form an integral part of the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

- 7 -

SIK CHEONG BERHAD
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	<u>Non- distributable</u>	<u>Distributable</u>	Total equity RM
		Share capital RM	Retained earnings 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		<u>420,100</u>	<u>25,872,829</u>	<u>26,292,929</u>
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		<u>420,000</u>	<u>19,543,853</u>	<u>19,963,853</u>
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		<u>420,000</u>	<u>19,535,037</u>	<u>19,955,037</u>
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		<u>420,000</u>	<u>16,292,527</u>	<u>16,712,527</u>

The accompanying notes form an integral part of the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

- 8 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 9 -

SIK CHEONG BERHAD
(Incorporated in Malaysia)**COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

	2024	2023	2022	2021
Note	RM	RM	RM	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	<u>703,700</u>	<u>176,000</u>	<u>99,497</u>	<u>529,400</u>
Net cash (used in)/from investing activities	<u>(7,240,920)</u>	<u>(347,279)</u>	<u>141,011</u>	<u>(1,109,288)</u>
Cash flows used in financing activities				
Repayment to Directors (Decrease)/Increase in amount owing to a related party	-	-	-	(154,900)
Dividend paid	(4,000)	4,000	-	-
Decrease/(Increase) in fixed deposits pledged	(3,000,000)	(3,020,000)	(20,000)	(3,000,000)
Issuance of shares	1,324,523	(24,067)	(17,814)	(57,926)
Repayment of lease liabilities	100	-	-	19,900
Net cash used in financing activities	<u>(137,713)</u>	<u>(163,643)</u>	<u>(157,298)</u>	<u>(32,252)</u>
Net cash used in financing activities	<u>(1,817,090)</u>	<u>(3,203,710)</u>	<u>(195,112)</u>	<u>(3,225,178)</u>

The accompanying notes form an integral part of the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

- 10 -

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	<u>11,657,536</u>	<u>6,789,905</u>	<u>5,550,382</u>	<u>8,091,764</u>
Cash and cash equivalents at the end of the financial year	10	<u>6,840,747</u>	<u>11,657,536</u>	<u>6,789,905</u>	<u>5,550,382</u>

The accompanying notes form an integral part of the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

- 11 -

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.

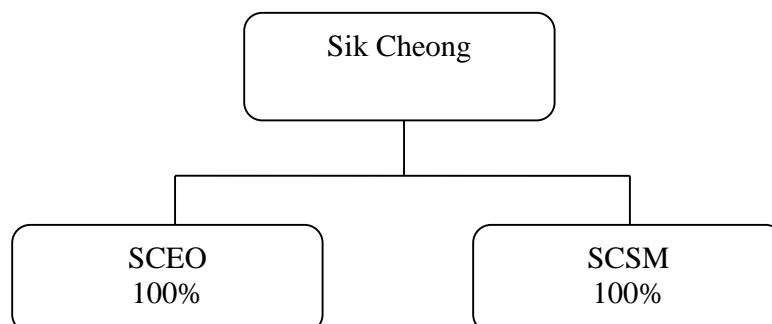
The acquisitions of the above companies were completed on 20 May 2024 and combined using merger method of accounting.

13. ACCOUNTANTS' REPORT (CONT'D)

- 12 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 13 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 14 -

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^	MFRS	UHY
	FYE 31 March 2022^		
	FYE 31 March 2023^		
	FYE 31 March 2024		

13. ACCOUNTANTS' REPORT (CONT'D)

- 15 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 16 -

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:

Amendments to MFRS 101 and MFRS Practice Statement 2 Disclosure of Accounting Policies

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 17 -

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

13. ACCOUNTANTS' REPORT (CONT'D)

- 18 -

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:

Determining the lease term of contracts with renewal and termination options

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 19 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 20 -

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).

13. ACCOUNTANTS' REPORT (CONT'D)

- 21 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 22 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 23 -

3. Material Accounting Policy Information (Cont'd)**(c) Leases (Cont'd)****(i) As lessee (Cont'd)**Lease liabilities (Cont'd)

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%

13. ACCOUNTANTS' REPORT (CONT'D)

- 24 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 25 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 26 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 27 -

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	<u>13,028,569</u>	<u>420,391</u>	<u>3,275,629</u>	<u>388,866</u>	<u>2,066,352</u>	<u>458,140</u>	<u>121,009</u>	<u>421,951</u>	<u>20,180,907</u>
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	<u>541,649</u>	<u>246,301</u>	<u>2,195,385</u>	<u>270,919</u>	<u>1,884,767</u>	<u>286,916</u>	<u>69,113</u>	<u>356,258</u>	<u>5,851,308</u>
Net carrying amount									
At 31 March 2024	<u>12,486,920</u>	<u>174,090</u>	<u>1,080,244</u>	<u>117,947</u>	<u>181,585</u>	<u>171,224</u>	<u>51,896</u>	<u>65,693</u>	<u>14,329,599</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 28 -

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

13. ACCOUNTANTS' REPORT (CONT'D)

- 29 -

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

13. ACCOUNTANTS' REPORT (CONT'D)

- 30 -

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

13. ACCOUNTANTS' REPORT (CONT'D)

- 31 -

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	<u>(3,450,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash payments	<u>8,271,825</u>	<u>679,379</u>	<u>43,649</u>	<u>1,743,824</u>

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	<u>(386,887)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March	<u>258,479</u>	<u>526,971</u>	<u>515,495</u>	<u>515,495</u>
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	<u>(375,508)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March	<u>126,107</u>	<u>366,543</u>	<u>203,793</u>	<u>41,524</u>
Carrying amount				
At 31 March	<u>132,372</u>	<u>160,428</u>	<u>311,702</u>	<u>473,971</u>

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	<u>(18,342)</u>	<u>(11,476)</u>	<u>-</u>	<u>(406,042)</u>
Cash payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 32 -

6. Investment Properties

	2024	2023	2022	2021
	RM	RM	RM	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	<u>246,000</u>	<u>2,331,065</u>	<u>2,264,065</u>	<u>2,264,065</u>
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	<u>43,000</u>	<u>490,564</u>	<u>447,359</u>	<u>415,048</u>
Carrying amount				
At 31 March	<u>203,000</u>	<u>1,840,501</u>	<u>1,816,706</u>	<u>1,849,017</u>
Fair value of investment properties	<u>480,157</u>	<u>6,851,771</u>	<u>6,636,407</u>	<u>6,636,407</u>

(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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 33 -

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	2023	2022	2021
	RM	RM	RM	RM
Lease income	25,200	120,300	138,400	132,000
Direct operating expenses:				
- Income generating investment properties	<u>1,942</u>	<u>12,422</u>	<u>7,001</u>	<u>8,814</u>

7. Inventories

	2024	2023	2022	2021
	RM	RM	RM	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	<u>483,268</u>	<u>518,727</u>	<u>478,428</u>	<u>469,205</u>
	<u>1,206,112</u>	<u>1,029,202</u>	<u>1,610,876</u>	<u>914,151</u>
Recognised in profit or loss:				
Inventories recognised as cost of sales	<u>78,652,722</u>	<u>80,998,397</u>	<u>64,755,650</u>	<u>43,714,479</u>

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 34 -

8. Trade Receivables (Cont'd)

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	2024	2023	2022	2021
	RM	RM	RM	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	<u>1,645,187</u>	<u>982,684</u>	<u>1,106,675</u>	<u>1,206,237</u>
	<u>6,055,411</u>	<u>4,931,471</u>	<u>4,947,344</u>	<u>4,383,599</u>

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	2023	2022	2021
	RM	RM	RM	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
	<u>2,954,709</u>	<u>1,763,098</u>	<u>3,254,070</u>	<u>1,117,130</u>

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 35 -

10. Cash and Cash Equivalents

	2024	2023	2022	2021
	RM	RM	RM	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
<i>At fair value through profit or loss</i>				
Cash management fund	<u>4,586,853</u>	<u>8,014,663</u>	<u>1,362,246</u>	<u>2,314,901</u>
	6,840,747	12,982,059	8,090,361	6,833,024
Fixed deposits pledged with licensed bank	<u>-</u>	<u>(1,324,523)</u>	<u>(1,300,456)</u>	<u>(1,282,642)</u>
	<u>6,840,747</u>	<u>11,657,536</u>	<u>6,789,905</u>	<u>5,550,382</u>

- 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).

13. ACCOUNTANTS' REPORT (CONT'D)

- 36 -

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	<u>420,100</u>	<u>420,100</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>	<u>420,000</u>

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 37 -

12. Lease Liabilities

	2024	2023	2022	2021
	RM	RM	RM	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	<u>135,809</u>	<u>167,090</u>	<u>319,257</u>	<u>476,555</u>
Presented as:				
Current portion	56,319	138,817	163,185	157,298
Non-current portion	79,490	28,273	156,072	319,257
	<u>135,809</u>	<u>167,090</u>	<u>319,257</u>	<u>476,555</u>

The maturity analysis of lease liabilities as of the end of financial year:

	2024	2023	2022	2021
	RM	RM	RM	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
	<u>143,400</u>	<u>171,050</u>	<u>331,750</u>	<u>503,950</u>
Less: Future finance charges	(7,591)	(3,960)	(12,493)	(27,395)
Present value of right-of-use lease liabilities	<u>135,809</u>	<u>167,090</u>	<u>319,257</u>	<u>476,555</u>

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. ACCOUNTANTS' REPORT (CONT'D)

- 38 -

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)	<u>56,733</u>	<u>(4,451)</u>	<u>19,800</u>	<u>41,969</u>
At 31 March	<u>243,551</u>	<u>186,818</u>	<u>191,269</u>	<u>171,469</u>

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	<u>(271,184)</u>	<u>(224,208)</u>	<u>(263,630)</u>	<u>(280,033)</u>
	<u>(243,551)</u>	<u>(186,818)</u>	<u>(191,269)</u>	<u>(171,469)</u>

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	<u>(9,757)</u>
At 31 March 2024 (before offsetting)	27,633
Offsetting	<u>(27,633)</u>
At 31 March 2024 (after offsetting)	<u>-</u>
2023	
At 1 April 2022	72,361
Recognised in profit or loss	<u>(34,971)</u>
At 31 March 2023 (before offsetting)	37,390
Offsetting	<u>(37,390)</u>
At 31 March 2023 (after offsetting)	<u>-</u>
2022	
At 1 April 2021	108,564
Recognised in profit or loss	<u>(36,203)</u>
At 31 March 2022 (before offsetting)	72,361
Offsetting	<u>(72,361)</u>
At 31 March 2022 (after offsetting)	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 39 -

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)	<u>108,564</u>
Offsetting	(108,564)
At 31 March 2021 (after offsetting)	<u>-</u>

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	<u>55,993</u>	<u>(9,017)</u>	<u>46,976</u>
At 31 March 2024 (before offsetting)	<u>244,215</u>	<u>26,969</u>	271,184
Offsetting			<u>(27,633)</u>
At 31 March 2024 (after offsetting)			<u>243,551</u>
2023			
At 1 April 2022	192,849	70,781	263,630
Recognised in profit or loss	<u>(4,627)</u>	<u>(34,795)</u>	<u>(39,422)</u>
At 31 March 2023 (before offsetting)	<u>188,222</u>	<u>35,986</u>	224,208
Offsetting			<u>(37,390)</u>
At 31 March 2023 (after offsetting)			<u>186,818</u>
2022			
At 1 April 2021	171,873	108,160	280,033
Recognised in profit or loss	<u>20,976</u>	<u>(37,379)</u>	<u>(16,403)</u>
At 31 March 2022 (before offsetting)	<u>192,849</u>	<u>70,781</u>	263,630
Offsetting			<u>(72,361)</u>
At 31 March 2022 (after offsetting)			<u>191,269</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 40 -

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 liabilities (Cont'd)

	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)	<u>171,873</u>	<u>108,160</u>	280,033
Offsetting			<u>(108,564)</u>
At 31 March 2021 (after offsetting)			<u>171,469</u>

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	<u>3,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>4,055,451</u>	<u>540,436</u>	<u>448,567</u>	<u>307,532</u>

- 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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 41 -

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	2023	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers				
Sales of goods	<u>79,583,304</u>	<u>78,235,837</u>	<u>59,741,717</u>	<u>42,574,387</u>
Timing of revenue recognition				
At point in time	<u>79,583,304</u>	<u>78,235,837</u>	<u>59,741,717</u>	<u>42,574,387</u>

The other information on the disaggregation of revenue is disclosed in Note 25.

17. Finance Costs

	2024	2023	2022	2021
	RM	RM	RM	RM
Interest expenses on:				
Bank overdrafts	-	-	-	422
Lease liabilities	<u>5,989</u>	<u>9,057</u>	<u>14,902</u>	<u>4,798</u>
	<u>5,989</u>	<u>9,057</u>	<u>14,902</u>	<u>5,220</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 42 -

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	2023	2022	2021
	RM	RM	RM	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	<u>(100,120)</u>	<u>(120,300)</u>	<u>(138,400)</u>	<u>(132,000)</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 43 -

19. Taxation

	2024	2023	2022	2021
	RM	RM	RM	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	<u>(114,866)</u>	<u>(1,378)</u>	<u>(67,752)</u>	<u>(55,475)</u>
	<u>1,551,835</u>	<u>1,980,556</u>	<u>978,938</u>	<u>522,941</u>
Deferred tax (Note 13)				
Origination and reversal of temporary differences	102,758	(2,091)	2,464	21,345
(Over)/Underprovision in prior years	<u>(46,025)</u>	<u>(2,360)</u>	<u>17,336</u>	<u>20,624</u>
	<u>56,733</u>	<u>(4,451)</u>	<u>19,800</u>	<u>41,969</u>
	<u>1,608,568</u>	<u>1,976,105</u>	<u>998,738</u>	<u>564,910</u>

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 44 -

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	<u>7,937,544</u>	<u>8,004,921</u>	<u>4,261,248</u>	<u>2,417,394</u>
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	<u>(46,025)</u>	<u>(2,360)</u>	<u>17,336</u>	<u>20,624</u>
	<u>1,608,568</u>	<u>1,976,105</u>	<u>998,738</u>	<u>564,910</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 45 -

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	2023	2022	2021
	RM	RM	RM	RM
Profit for the financial year attributable to owners of the parent (RM)	<u>6,328,976</u>	<u>6,028,816</u>	<u>3,262,510</u>	<u>1,852,484</u>
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	<u>77</u>	<u>-</u>	<u>-</u>	<u>14,939</u>
Weighted average number of ordinary shares in issue at 31 March	<u>420,077</u>	<u>420,000</u>	<u>420,000</u>	<u>415,039</u>
Basic earnings per share (RM)	<u>15.07</u>	<u>14.35</u>	<u>7.77</u>	<u>4.46</u>

(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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 46 -

21. Dividends

	2024	2023	2022	2021
	RM	RM	RM	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
	<u>-</u>	<u>6,020,000</u>	<u>20,000</u>	<u>3,000,000</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 47 -

22. Staff Costs

	2024	2023	2022	2021
	RM	RM	RM	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)
	<u>4,369,728</u>	<u>3,639,214</u>	<u>2,915,036</u>	<u>2,495,980</u>

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	2023	2022	2021
	RM	RM	RM	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
	<u>779,272</u>	<u>890,010</u>	<u>764,460</u>	<u>694,859</u>

	2024	2023	2022	2021
	RM	RM	RM	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
	<u>746,806</u>	<u>464,736</u>	<u>243,189</u>	<u>211,397</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 48 -

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
	<u>3,707,526</u>	<u>(3,141,713)</u>	<u>69,015</u>	<u>3,556,432</u>	<u>4,191,260</u>
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
	<u>767,824</u>	<u>(159,643)</u>	<u>87,869</u>	<u>3,011,476</u>	<u>3,707,526</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 49 -

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
	<u>442,365</u>	<u>(187,152)</u>	<u>20,067</u>	<u>508,807</u>	<u>784,087</u>

- (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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 50 -

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	2023	2022	2021
	RM	RM	RM	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	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
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)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 51 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 52 -

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	2023	2022	2021
	RM	RM	RM	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	<u>2,213,207</u>	<u>3,642,873</u>	<u>5,427,659</u>	<u>3,235,481</u>
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	<u>135,809</u>	<u>167,090</u>	<u>319,257</u>	<u>476,555</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 53 -

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").

13. ACCOUNTANTS' REPORT (CONT'D)

- 54 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 55 -

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
	<u>4,901,386</u>	<u>56,400</u>	<u>25,800</u>	<u>4,983,586</u>	<u>4,975,995</u>
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
	<u>3,976,466</u>	<u>25,700</u>	<u>3,150</u>	<u>4,005,316</u>	<u>4,001,356</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 56 -

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
	<u>1,498,174</u>	<u>136,200</u>	<u>23,350</u>	<u>1,657,724</u>	<u>1,645,231</u>
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
	<u>788,367</u>	<u>172,200</u>	<u>159,550</u>	<u>1,120,117</u>	<u>1,092,722</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 57 -

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	Total fair value	Carrying amount
	Level 2 RM	Level 2 RM	RM	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

13. ACCOUNTANTS' REPORT (CONT'D)

- 58 -

26. Financial Instruments (Cont'd)

(c) Fair values of financial instruments (Cont'd)

	Fair value of financial instruments carried at fair value	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 2 RM	Level 2 RM	RM	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

13. ACCOUNTANTS' REPORT (CONT'D)

- 59 -

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	2023	2022	2021
	RM	RM	RM	RM
Authorised and contracted for:				
Acquisition of property, plant and equipment	<u>435,000</u>	<u>-</u>	<u>-</u>	<u>66,675</u>

13. ACCOUNTANTS' REPORT (CONT'D)

- 60 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 61 -

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.

13. ACCOUNTANTS' REPORT (CONT'D)

- 62 -

SIK CHEONG BERHAD
(Incorporated in Malaysia)

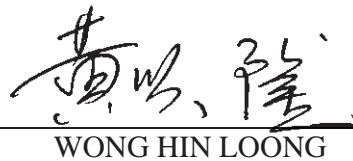
STATEMENT BY DIRECTORS

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

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



UHY (AF1411)
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Phone +60 3 2279 3088
Fax +60 3 2279 3099
Email uhykl@uhy.com.my
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.

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 2 -

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.

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)



- 3 -

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.

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)



- 4 -


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

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 5 -

**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.

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 6 -

**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.

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 7 -

**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.

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 8 -

**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
	<u>17,820,000</u>	

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 9 -

**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.*

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 10 -

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	
	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	
Note								
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

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 11 -

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

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 12 -

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
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		<u>26,292,929</u>	<u>-</u>	<u>26,292,929</u>	<u>17,820,000</u>	<u>44,112,929</u>	<u>(3,800,000)</u>	<u>40,312,929</u>
Non-Current Liabilities								
Lease liabilities		79,490	-	79,490	-	79,490	-	79,490
Deferred tax liabilities		243,551	-	243,551	-	243,551	-	243,551
		<u>323,041</u>	<u>-</u>	<u>323,041</u>	<u>-</u>	<u>323,041</u>	<u>-</u>	<u>323,041</u>

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 13 -

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
		<u>5,207,187</u>	-	<u>5,207,187</u>	-	<u>5,207,187</u>	-	<u>5,207,187</u>
Total Liabilities		<u>5,530,228</u>	-	<u>5,530,228</u>	-	<u>5,530,228</u>	-	<u>5,530,228</u>
Total Equity and Liabilities		<u>31,823,157</u>	-	<u>31,823,157</u>	<u>17,820,000</u>	<u>49,643,157</u>	<u>(3,800,000)</u>	<u>45,843,157</u>
Number of ordinary shares (unit)		<u>420,100</u>		<u>200,000,000</u>		<u>266,000,000</u>		<u>266,000,000</u>
Net assets per share (RM)		<u>62.59</u>		<u>0.13</u>		<u>0.17</u>		<u>0.15</u>

[The rest of this page has been intentionally left blank]

**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

- 14 -

**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.

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 15 -

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	<u>21,509,599</u>

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	<u>24,620,060</u>
Pursuant to utilisation of proceeds:	
- Expansion of packaging facility	(7,180,000)
- Estimated listing expenses	(3,800,000)
As per Pro Forma III	<u>13,640,060</u>

[The rest of this page has been intentionally left blank]

14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

- 16 -

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	<u>(420,000)</u>
As per Pro Forma I	19,960,090
Public Issue	<u>17,820,000</u>
As per Pro Forma II	37,780,090
Pursuant to utilisation of proceeds:	
- Estimated listing expenses attributable to Public Issue	<u>(1,274,759)</u>
As per Pro Forma III	<u>36,505,331</u>

[^] 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	<u>(19,539,990)</u>
As per Pro Forma I, II and III	<u>(19,539,990)</u>

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	<u>(2,525,241)</u>
As per Pro Forma III	<u>23,347,588</u>

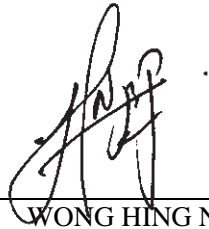
**14. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

- 17 -

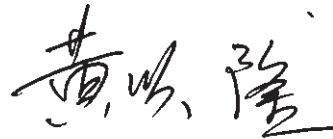
**SIK CHEONG BERHAD
NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

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) Remuneration of Director

Clause 84

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.

Clause 93

- (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.

15. ADDITIONAL INFORMATION (CONT'D)

- (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.

15. ADDITIONAL INFORMATION (CONT'D)

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.

15. ADDITIONAL INFORMATION (CONT'D)

- (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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

15. ADDITIONAL INFORMATION (CONT'D)

- (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.

15. ADDITIONAL INFORMATION (CONT'D)

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

15. ADDITIONAL INFORMATION (CONT'D)

- (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;

15. ADDITIONAL INFORMATION (CONT'D)

- (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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

15. ADDITIONAL INFORMATION (CONT'D)

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

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 (ii) Non-Individuals	<ul style="list-style-type: none"> • White Application form; or • Electronic Share Application; or • Internet Share Application White Application form only
(b) Applications by Eligible Persons:	Pink Application Form only

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)**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

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

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.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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.