11. FINANCIAL INFORMATION

11.1 HISTORICAL FINANCIAL INFORMATION

Our audited combined financial statements for the Period Under Review have been prepared in accordance with MFRS and IFRS and were not subject to any audit qualification. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results or cash flows position.

The following sets out a summary of our historical financial information for Period Under Review which have been extracted from the Accountants' Report set out in Section 12 of this Prospectus. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 11.2 and 12 of this Prospectus respectively.

11.1.1 Combined statements of profit or loss and other comprehensive income

The following table sets out a summary of our historical audited combined statements of profit or loss and other comprehensive income for Period Under Review:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	22,791	33,970	40,855	28,878	36,775
Cost of sales	(12,921)	(18,707)	(21,785)	(15,464)	(18,556)
GP	**9,870**	**15,263**	**19,070**	**13,414**	**18,219**
Other income	1,152	118	124	122	59
Administrative expenses	(2,144)	(3,186)	(3,944)	(2,886)	(4,850)
Selling and distribution expenses	(4,391)	(6,204)	(7,699)	(5,727)	(7,395)
Other operating expenses	(63)	(90)	(78)	(59)	(369)
Profit from operations	**4,424**	**5,901**	**7,473**	**4,864**	**5,664**
Finance costs	(210)	(356)	(614)	(448)	(549)
PBT	**4,214**	**5,545**	**6,859**	**4,416**	**5,115**
Tax expenses	(1,176)	(1,270)	(1,764)	(1,145)	(1,458)
PAT	**3,038**	**4,275**	**5,095**	**3,271**	**3,657**
Adjusted PBT(6)	3,064	5,442	6,859	4,416	5,112
Adjusted PAT(6)	2,164	4,197	5,095	3,271	3,655
EBIT (RM'000)(1)	4,422	5,897	7,464	4,857	5,650
EBITDA (RM'000)(1)	5,107	6,820	8,427	5,542	7,111
GP margin (%)(2)	43.3	44.9	46.7	46.5	49.5
PBT margin (%)(3)	18.5	16.3	16.8	15.3	13.9
PAT margin (%)(3)	13.3	12.6	12.5	11.3	9.9
Adjusted PBT margin (%)(6)	13.4	16.0	16.8	15.3	13.9
Adjusted PAT margin (%)(6)	9.5	12.4	12.5	11.3	9.9
Effective tax rate (%)(4)	27.9	22.9	25.7	25.9	28.5
Basic and diluted EPS (sen)(5)	0.65	0.92	1.09	0.70	0.78

Notes:

(1) EBIT and EBITDA are calculated as follows:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
PAT	3,038	4,275	5,095	3,271	3,657
Less:					
Interest income	(2)	(4)	(9)	(7)	(14)
Add:					
Finance costs	210	356	614	448	549
Tax expenses	1,176	1,270	1,764	1,145	1,458
EBIT	**4,422**	**5,897**	**7,464**	**4,857**	**5,650**
Add:					
Depreciation and amortisation	685	923	963	685	1,461
EBITDA	**5,107**	**6,820**	**8,427**	**5,542**	**7,111**

(2) GP margin is computed based on GP over revenue for the financial years.

(3) PBT margin and PAT margin are computed based on the respective PBT and PAT for the Period Under Review over revenue.

(4) Effective tax rate is computed based on tax expenses divided by PBT.

(5) Basic and diluted EPS is computed based on PAT for the Period Under Review over enlarged share capital of 466,751,100 Shares upon Listing. There are no potential dilutive securities in issue during the respective Period Under Review.

(6) After deducting the one-off income (adjusted for the tax effect based on income tax rate of 24.0%) incurred by our Group for the Period Under Review. Please refer to Section 11.2.2(iii) of this Prospectus for further details.

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11.1.2 Combined statements of financial position

The following table sets out a summary of our historical audited combined statements of financial position as at Period under Review:

	Audited			
	As at 30 September			As at 30 June
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	1,227	3,291	7,233	7,383
Intangible assets	104	101	95	86
Other investment	-	95	95	95
Deferred tax assets	2	5	13	23
Total non-current assets	**1,333**	**3,492**	**7,436**	**7,587**
Current assets				
Inventories	2,938	3,134	6,048	5,772
Trade receivables	736	4,946	6,606	8,268
Other receivables, deposits and prepayments	915	1,046	2,157	2,557
Fixed deposits with licensed banks	360	441	530	315
Cash and bank balances	1,967	1,713	1,496	454
Total current assets	**6,916**	**11,280**	**16,837**	**17,366**
Total assets	**8,249**	**14,772**	**24,273**	**24,953**
Equity and liabilities				
Equity				
Invested equity	300	500	500	500
Retained earnings	3,678	6,753	8,648	11,805
Total equity	**3,978**	**7,253**	**9,148**	**12,305**
Non-current liabilities				
Bank borrowings	879	2,487	1,920	1,275
Lease liabilities	390	1,466	3,502	2,470
Deferred tax liabilities	7	7	45	79
Total non-current liabilities	**1,276**	**3,960**	**5,467**	**3,824**
Current liabilities				
Trade payables	215	116	43	504
Other payables, accruals and deposits received	747	217	1,247	770
Bank borrowings	1,375	2,547	6,377	5,641
Lease liabilities	384	478	1,608	1,443
Current tax liabilities	274	201	383	466
Total current liabilities	**2,995**	**3,559**	**9,658**	**8,824**
Total liabilities	**4,271**	**7,519**	**15,125**	**12,648**
Total equity and liabilities	**8,249**	**14,772**	**24,273**	**24,953**

11.1.3 Combined statements of cash flows

The following table sets out the combined statements of cash flows of our Group for the Period Under Review:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities				
PBT	4,214	5,545	6,859	5,115
Adjustments for:				
Amortisation of intangible assets	9	8	8	9
Depreciation of property, plant and equipment	278	416	284	368
Depreciation of right-of-use-assets	398	499	671	1,084
Finance costs	210	356	614	549
Loss/(gain) on lease modification	-	18	-	(40)
Net impairment on financial assets	18	39	78	54
Gain on disposal of property, plant and equipment	-	(11)	(115)	-
Deposit forfeited	44	25	-	-
Loss on property, plant and equipment written off	-	8	-	315
Interest income	(2)	(4)	(9)	(14)
Operating profit before working capital changes	**5,169**	**6,899**	**8,390**	**7,440**
Changes in working capital:				
(Increase)/Decrease in trade and other receivables	807	(4,405)	(2,850)	(2,115)
Decrease/(Increase) in inventories	(2,622)	(197)	(2,914)	275
Increase/(Decrease) in trade and other payables	579	(628)	957	(16)
Cash flows generated from operations	**3,933**	**1,669**	**3,583**	**5,584**
Interest income received	2	4	9	14
Tax paid	(1,535)	(1,346)	(1,553)	(1,350)
Net cash generated from operating activities	**2,400**	**327**	**2,039**	**4,248**
Cash flows from investing activities				
Increase in other investment	-	(95)	-	-
Addition of intangible assets	(20)	(5)	(2)	-
Purchase of property, plant and equipment	(555)	(1,388)	(1,045)	(2,079)
Proceeds from disposal of property, plant and equipment	-	34	170	-
Net cash used in investing activities	**(575)**	**(1,454)**	**(877)**	**(2,079)**

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from financing activities				
Proceeds from issuance of ordinary shares	100	-	-	*
(Increase)/Decrease in fixed deposits pledged	(60)	(381)	(89)	215
Decrease in amount owing by/to a director	48	-	-	-
Drawdown of bank borrowings	1,201	3,088	3,799	-
Repayment of bank borrowings	(57)	(309)	(535)	(1,961)
Repayment of lease liabilities	(379)	(521)	(815)	(1,108)
Finance costs paid	(186)	(304)	(539)	(436)
Dividends paid	(1,430)	(1,000)	(3,200)	(500)
Net cash (used in)/generated from financing activities	**(763)**	**573**	**(1,379)**	**(3,790)**
Net (decrease)/increase in cash and cash equivalents	1,062	(554)	(217)	(1,621)
Cash and cash equivalents at the beginning of the financial year/period	1,205	2,267	1,713	1,496
Cash and cash equivalents at the end of the financial year/period(1)	**2,267**	**1,713**	**1,496**	**(125)**

Notes:

* Less than RM1,000

(1) Cash and cash equivalents comprised of the following:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash in hand	11	18	20	12
Cash at bank	1,956	1,695	1,476	442
Fixed deposits with licensed banks	360	441	530	315
Bank overdraft	-	-	-	(579)
	2,327	2,154	2,026	190
Less: Fixed deposit pledged to licensed banks	(60)	(441)	(530)	(315)
	2,267	**1,713**	**1,496**	**(125)**

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11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our combined financial statements for the Period Under Review. It should be read in conjunction with the Accountants' Report included in Section 12 of this Prospectus.

11.2.1 Overview of our operations

(a) Principal activities

Our Group is principally involved in the design, marketing and sale of air fragrance products and fragrance-related products.

Please refer to Section 6 of this Prospectus for a detailed overview on our Group's business.

(b) Revenue

Our revenue was derived from the sale of our products such as car fragrances, indoor fragrances and other products. Details on the full range of our products are set out in Section 6 of this Prospectus.

Revenue from sales of our products are recognised when the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), net of sales and service tax and discounts.

Revenue from products which are distributed on consignment basis are only recognised when the products are sold by the consignee or distributor, and the control of the goods has been transferred to the customers (i.e. delivery of goods or cash and carry basis), net of sales and service tax and discounts.

Our sales transactions are mainly settled in RM. Sales transactions between our Group and customers based in Malaysia are settled in RM while other sales transactions between our Group with customers based in countries other than Malaysia are mainly settled in SGD and BND.

(c) Cost of sales

Our cost of sales mainly comprises products costs, freight and insurance charges, packaging costs as well as royalty fees.

(d) Other income

Other income mainly comprises sales commission earned from selling our customer's glove product, government subsidy, gain on disposal of property, plant and equipment and interest income.

(e) Administrative expenses

Administrative expenses mainly consist of staff costs, directors' remuneration, amortisation and depreciation expenses, professional fees, utilities, rental, travelling expenses and maintenance.

(f) Selling and distribution expenses

Selling and distribution expenses mainly comprises advertisement, staff costs promotional expenses, transport and postage charges.

(g) Other operating expenses

Other operating expenses mainly consist of allowance for impairment losses and deposit forfeited due to the early termination of our leases.

(h) Finance cost

Finance cost comprises interest expenses on our bank borrowings and lease liabilities.

(i) Significant factors affecting our financial condition and result of operations

Section 8 of this Prospectus details a number of risk factors relating to our business and industry in which we operate. Some of these risk factors have an impact on our Group's financial condition and the result of operations. The main factors which affect our revenue and profits include but are not limited to the following:

(i) We are dependent on Foshan Ikeda

During the Period Under Review, we mainly co-formulated and outsourced the manufacturing of our air fragrance and fragrance-related products to Foshan Ikeda. Further, the products purchased from Shenzhen Bai Xiang Hui Technology Co. Ltd are supplied by Foshan Ikeda. Collectively, both suppliers contributed 61.9%, 58.1%, 82.1% and 82.1% of our Group's total purchases for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We are thus dependent on Foshan Ikeda.

Any major disruptions or sudden cessation of supply from Foshan Ikeda may result in a shortage of products and inability to market and sell products to our customers, or result in our Group having to pay a higher cost for the products. This could consequently lead to a material and adverse impact to our Group's business operations, financial performance and future growth.

(ii) Our business operations may be affected if there are negative publicity regarding our brand arises

Over the years, we have established our "Vanzo" brand. Our company and brand reputation are critical to our ability to attract customers to buy our products and maintain relationships with distributors, resellers and retailers.

The occurrences of events which draw negative publicity to, or otherwise adversely impact our reputation or damage our brands, may deter customers from buying our products. These events include incidents relating to the quality of our products, and negative comments from our existing customers regarding our products, our retail kiosks and business practices, which may be beyond our control. Further, our reputation may be adversely affected by employees of distributors, resellers and retailers who market and sell our products to consumers, which may be beyond our control.

(iii) We are subject to changes in consumer preferences

Consumer's preferences are ever changing and to a certain extent, our success is dependent on our ability to anticipate the changes in the market and to develop new products to cater to such changes. Hence, our product development and QA/QC personnel is constantly keeping track of the latest consumer's preferences to ensure the products of our Group remain relevant and are sought after by consumers in the market. However, there is no assurance that we will be able to continuously adapt to the changes in consumer's preferences and market conditions.

If we fail to market and sell products that customers demand and/or market through appropriate and popular sales channels, we could experience a decline in customers' demand for our products and number of sales transactions. This would consequently adversely impact our business and financial performance.

(iv) We are exposed to the risk of counterfeit products

We cannot assure that we will not encounter counterfeiting of our products, such as unauthorised imitation or replication of our designs and labelling, by third-parties from time to time. Third-parties may make and sell an inferior counterfeit of our Group's products. These counterfeit products are generally sold at prices that are lower than our market prices. The presence of counterfeit products in the market could have a negative impact on the value and image of our brands, result in a loss of consumer confidence in our products and as a consequence, adversely affect our business.

Although we have trademarked our "Vanzo" brand and had not encountered any counterfeit products in the market that had materially and adversely affected our business and financial performance in the past, there is no assurance that such incident will not occur and that we will be successful in preventing future counterfeiting.

(v) We are exposed to interest rate risk

Our total outstanding borrowings as at 30 June 2024 stood at RM7.90 million. Our borrowings comprise mainly trade facilities such as bankers' acceptances, hire purchasing and term loans, resulting in a gearing ratio of 0.6 times.

As all our bank borrowings are interest-bearings, any hikes in interest rates would increase our interest expenses, and thus, will adversely affect our profitability and cash flow. In the event where our Group fails or encounter difficulties to meet our financial obligations when they fall due, it will have an adverse impact on our financial performance.

(vi) We are exposed to fluctuation in foreign exchange rates which may impact our product costs

Majority of our purchase of supplies is denominated in RMB. As our sales are mainly transacted in RM, any depreciation of the RM against the RMB will affect the cost of our purchases. This may adversely affect our financial performance as it would reduce our gross profit margin if we are unable to pass on the additional costs to our customers. Please refer to Section 11.2.4 (i) of this Prospectus for details of our purchases in foreign currencies.

Our exposure to foreign exchange risk for the imports of products is typically 2 to 3 months starting from the confirmation of purchase orders to receipt of products. However, during the Period Under Review, we have not faced any material increase in our overall cost of sales or any material fluctuations in foreign exchange rates which have materially affected our Group's financial performance.

We do not have any formal hedging contracts to manage our foreign exchange risk. However, we will continue to assess the need to utilise financial instruments to hedge our currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs.

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11.2.2 Review of our results of operations

(i) Revenue

Analysis of revenue by business segments and products

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Car fragrances	13,628	59.8	18,719	55.1	32,563	79.7	22,461	77.7	28,543	77.6
Indoor fragrances	7,790	34.2	10,221	30.1	7,206	17.6	5,598	19.4	7,850	21.3
Personal and household care products	1,357	5.9	5,013	14.7	1,064	2.6	802	2.8	367	1.0
Accessories and others[1]	16	0.1	17	0.1	22	0.1	17	0.1	15	0.1
Total	**22,791**	**100.0**	**33,970**	**100.0**	**40,855**	**100.0**	**28,878**	**100.0**	**36,775**	**100.0**

Note:

(1) Includes accessories and promotional gifts such as anti-slip mats, gift boxes and water bottles.

Analysis of revenue by sales channel

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Distributors and resellers	19,052	83.6	25,325	74.6	20,540	50.3	14,521	50.3	13,727	37.3
Retailers	1,390	6.1	5,382	15.8	17,248	42.2	11,997	41.6	20,826	56.6
Online channels	2,349	10.3	3,188	9.4	1,729	4.2	1,427	4.9	772	2.1
Own retail kiosks	-	-	75	0.2	1,338	3.3	933	3.2	1,450	4.0
Total	**22,791**	**100.0**	**33,970**	**100.0**	**40,855**	**100.0**	**28,878**	**100.0**	**36,775**	**100.0**

11. FINANCIAL INFORMATION *(cont'd)*

Analysis of revenue by product series

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)
Car fragrances										
- LX Dashboard Gel series	6,137	395	9,128	544	10,604	601	8,156	461	10,721	587
- Gentleman and Goddess series	4,905	199	5,479	217	4,497	165	3,725	136	3,254	123
- Mini'ature series	2,448	151	3,532	207	4,450	239	3,386	180	3,593	192
- Mini Vent Perfume series	-	-	129	15	786	90	535	62	2,333	240
- Marvel Car Vent Perfume and Refill series	-	-	-	-	12,056	457	6,657	244	4,358	187
- Disney Tsum Tsum Car Vent Perfume series	-	-	-	-	-	-	-	-	3,832	139
- Customised products	-	-	350	17	168	11	-		452	32
- Others[(1)]	138	16	101	12	2	*	2	*	-	-
	13,628	**761**	**18,719**	**1,012**	**32,563**	**1,563**	**22,461**	**1,083**	**28,543**	**1,500**
Indoor fragrances										
- Duo series and Refill	7,790	342	6,337	279	4,567	193	3,604	152	3,042	131
- Negative Ion Aroma Diffuser series and Essential Oils	-	-	3,870	115	669	14	607	14	579	19
- Cotton sticks for indoor fragrances	-	-	14	6	7	3	6	3	4	2
- Natural Scented Candle series	-	-	-	-	963	23	909	22	74	2
- 2-in-1 Bathroom Air Freshener series	-	-	-	-	1,000	135	472	66	1,898	256
- Reed Diffuser	-	-	-	-	-	-	-	-	2,253	93
	7,790	**342**	**10,221**	**400**	**7,206**	**368**	**5,598**	**257**	**7,850**	**503**

11. FINANCIAL INFORMATION *(cont'd)*

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)	RM'000	Unit ('000)
Personal and household care products										
- Face masks	956	55	2,096	480	329	54	187	11	42	3
- Hand sanitisers	401	49	2,917	324	735	75	615	63	218	21
- Laundry care	-	-	-	-	-	-	-	-	107	8
	1,357	**104**	**5,013**	**804**	**1,064**	**129**	**802**	**74**	**367**	**32**

Notes:

* Less than 1,000

(1) Consist of phased out products which are no longer offered by our Group.

Analysis of revenue by geographical locations

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	22,607	99.2	33,799	99.5	40,425	98.9	28,751	99.6	36,362	98.9
Overseas[1]	184	0.8	171	0.5	430	1.1	127	0.4	413	1.1
Total	**22,791**	**100.0**	**33,970**	**100.0**	**40,855**	**100.0**	**28,878**	**100.0**	**36,775**	**100.0**

Note:

(1) Overseas include mainly Singapore, Brunei and Australia.

Comparison between FYE 2021 and FYE 2022

Our revenue increased by RM11.18 million or 49.1% to RM33.97 million in FYE 2022 from RM22.79 million in FYE 2021. Car fragrances has been our largest revenue contributor, contributing 59.8% and 55.1% to our total revenue for FYE 2021 and FYE 2022 respectively.

In terms of sales channels, revenue from our distributors and resellers remained as the largest revenue contributor, contributing 83.6% and 74.6% to our total revenue for FYE 2021 and FYE 2022 respectively. The Malaysian market contributed more than 99.0% of our revenue for both FYE 2021 and FYE 2022.

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM5.09 million or 37.3% to RM18.72 million in FYE 2022 from RM13.63 million in FYE 2021. The increase was mainly attributable to the following:

(i) Increase in the number of car fragrances sold from approximately 0.76 million units in FYE 2021 to approximately 1.01 million units in FYE 2022, representing an increase of approximately 32.9%. The overall increase in the sales of our car fragrance products was mainly due to an increase in the number of retailers from 682 for FYE 2021 to 992 for FYE 2022. Although the number of distributors and resellers decreased in the same period, our sales improved as the selling price of our car fragrance products to retailers is higher than the selling price to distributors and resellers;

(ii) The launch of a new car fragrance product series, namely the "Mini Vent Perfume" series, in September 2022, which contributed RM0.13 million in FYE 2022 with the sales of approximately 0.02 million units; and

(iii) We have also customised car fragrances for one of our customers, Vtalent Business Sdn Bhd, the distributor of "Vivo" brand mobile phone in Malaysia in FYE 2022, which contributed RM0.35 million in FYE 2022.

Indoor fragrances segment

Our revenue derived from indoor fragrances segment increased by RM2.43 million or 31.2% to RM10.22 million in FYE 2022 from RM7.79 million in FYE 2021. The increase was mainly attributable to the launch of a new product series, namely the Negative Ion Aroma Diffuser series in December 2021, which contributed a total of RM3.87 million in FYE 2022.

The increase was partially offset by the decrease in sales from the Duo series for reed diffusers and refills by RM1.45 million as we focus more of our marketing activities on the new ultrasonic diffuser and essential oils launched in FYE 2022.

11. FINANCIAL INFORMATION *(cont'd)*

Personal and household care products segment

Our revenue derived from personal and household care products segment increased by RM3.66 million or 269.4% to RM5.01 million in FYE 2022 from RM1.36 million in FYE 2021. The increase was mainly due to the higher sales of face masks and hand sanitisers in FYE 2022. Our revenue for face masks and hand sanitisers increased by RM1.14 million and RM2.52 million respectively in FYE 2022. The increase was mainly due to:

(i) We entered into a collaboration agreement with Bergamot Sdn Bhd ("**Bergamot**") on 1 October 2021 to market and sell face masks under the brand of "Vanscent". Pursuant to the terms of the collaboration agreement, we are responsible for all the advertising and promotion of "Vanscent" face masks and in return, is entitled to 50% of the profit for "Vanscent" face masks sold by Bergamot. Such collaboration has contributed RM1.05 million to our revenue in FYE 2022. In addition, face masks sold under the brand of "CopperX" has increased by RM0.09 million in FYE 2022; and

(ii) Increase in the number of hand sanitisers sold from approximately 0.05 million units in FYE 2021 to approximately 0.32 million units in FYE 2022. We launched and commenced sales of hand sanitisers in August 2021 and as such it only contributed about 2 months of revenue in FYE 2021 as compared to full 12 months revenue recorded for FYE 2022.

Accessories and others segment

Our revenue derived from accessories and others segment increased marginally by RM0.001 million or 6.3% in FYE 2022. The overall increase was mainly due to the revenue growth of our products which spurred the higher sales of our products' accessories.

Comparison between FYE 2022 and FYE 2023

Our revenue increased by RM6.89 million or 20.3% to RM40.86 million in FYE 2023 from RM33.97 million in FYE 2022. Car fragrances has been our largest revenue contributor, contributing 55.1% and 79.7% of our total revenue for FYE 2022 and FYE 2023 respectively.

In terms of sales channels, revenue from our distributors and resellers remained as the largest revenue contributor, contributing 74.6% and 50.3% to our total revenue for FYE 2022 and FYE 2023 respectively. The Malaysian market contributed approximately 99.0% of our revenue for both FYE 2022 and FYE 2023.

11. FINANCIAL INFORMATION *(cont'd)*

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM13.84 million or 73.9% to RM32.56 million in FYE 2023 from RM18.72 million in FYE 2022. The increase was mainly attributable to the following:

(i) The launch of new car fragrances product, which is the Marvel Car Vent Perfume and Refill series in May 2023, which contributed RM12.06 million in FYE 2023 with the sales of approximately 0.46 million units; and

(ii) Increase in the number of car fragrances sold from approximately 1.01 million units in FYE 2022 to approximately 1.56 million units in FYE 2023, representing an increase of approximately 56.0%. The overall increase in the sales of our car fragrances products was mainly due to the increase in the number of retailers from 992 for FYE 2022 to 1,458 for FYE 2023. Although the number of distributors and resellers decreased in the same period, our sales improved as the selling price of our car fragrance products to retailers is higher than the selling price to distributors and resellers.

Indoor fragrances segment

Our revenue derived from indoor fragrances segment decreased by RM3.01 million or 29.5% to RM7.21 million in FYE 2023 from RM10.22 million in FYE 2022. The decrease was mainly attributable to the decrease in sales for the Negative Ion Aroma Diffuser series by RM3.20 million, and Duo series by RM1.77 million. As the Negative Ion Aroma Diffuser series requires the use of an ultrasonic device which consumers are able to continuously use, the sales for the Negative Ion Aroma Diffuser series decreased in FYE 2023 as lesser consumers purchased it. The decrease was also because we focus more marketing activities on our new products such as the Marvel Car Vent Perfume and Refill series, Natural Scented Candles series and 2-in-1 Bathroom Air Fresheners series in FYE 2023.

The decrease was partially offset by the increase in sales for the Natural Scented Candles series by RM0.96 million and the 2-in-1 Bathroom Air Fresheners series by RM1.00 million, as both of these product series were launched in FYE 2023.

Personal and household care products segment

The revenue from personal and household care products segment decreased by RM3.95 million or 78.8% to RM1.06 million in FYE 2023 from RM5.01 million in FYE 2022. The decrease was mainly due to the decrease in sales of hand sanitisers by RM2.18 million and face masks by RM1.77 million. The sales of the personal care products were negatively affected as the Malaysian Government relaxed the COVID-19 preventive measures where face masks are no longer mandatory and as the general public resumed normal life post COVID-19.

Accessories and others segment

Our revenue derived from accessories and others segment increased marginally by RM0.005 million in FYE 2023 in line with the revenue growth of our products which spurred the higher sales of our products' accessories.

Comparison between FPE 2023 and FPE 2024

Our revenue increased by RM7.90 million or 27.4% to RM36.78 million in FPE 2024 from RM28.88 million in FPE 2023. Car fragrances remained as our largest revenue contributor, contributing 77.7% and 77.6% of our total revenue for FPE 2023 and FPE 2024 respectively.

In terms of sales channels, revenue from our retailers was the largest revenue contributor for FPE 2024, contributing 56.6% of our total revenue for FPE 2024. The Malaysian market contributed approximately 99.6% and 98.9% of our revenue for FPE 2023 and FPE 2024 respectively.

Car fragrances segment

Our revenue derived from car fragrances segment increased by RM6.08 million or 27.1% to RM28.54 million in FPE 2024 from RM22.46 million in FPE 2023. The increase was mainly attributable to the following:

(i) The launch of new car fragrances product, which is the Disney Tsum Tsum Car Vent Perfume series in December 2023, which contributed RM3.83 million in FPE 2024 with the sales of approximately 0.14 million units;

(ii) The increase in sales by RM2.56 million from the LX Dashboard Gel series, mainly due to the launch of new scent (cloud mist tea essence) for the LX Dashboard Gel series in May 2024 as well as the increase in number of retailers from 1,340 for FPE 2023 to 1,961 for FPE 2024. The number of units sold for the LX Dashboard Gel series increased from approximately 0.46 million units in FPE 2023 to approximately 0.59 million units in FPE 2024; and

(iii) The increase in sales by RM1.79 million from the Mini Vent Perfume series, mainly due to the launch of new scents (tropicana berry, amberwood aura and peony & ylang) for the Mini Vent Perfume series in May 2024. Comparing to FPE 2023, this product series was also distributed to more distributors, resellers and retailers in FPE 2024 as it was only launched in November 2022. The number of units sold for the Mini Vent Perfume series increased from approximately 0.06 million units in FPE 2023 to approximately 0.24 million units in FPE 2024.

The above increases were partially offset by the decrease in sales for the Marvel Car Vent Perfume and Refill series by RM2.30 million as we focused more marketing and promotion activities on our new products such as the Disney Tsum Tsum Car Vent Perfume series in FPE 2024.

11. FINANCIAL INFORMATION *(cont'd)*

Indoor fragrances segment

Our revenue derived from indoor fragrances segment increased by RM2.25 million or 40.2% to RM7.85 million in FPE 2024 from RM5.60 million in FPE 2023. The increase was mainly attributable to the sales from bathroom air fresheners and reed diffusers, which collectively contributed to an increase in sales by RM3.68 million in FPE 2024. The bathroom air fresheners were launched in May 2023 and as such, only 2 months of sales for the bathroom air fresheners were recorded in FPE 2023, whereas 9 months of sales were recorded in FPE 2024. The reed diffusers were launched in October 2023 and as such sales of reed diffusers were only recorded in FPE 2024.

The increase was partially offset by the decrease in sales for the scented candles and Duo series by RM0.56 million and RM0.84 million respectively, as we focussed more marketing and promotional activities on our new products such as the bathroom air fresheners and reed diffusers in FPE 2024.

Personal and household care products segment

The revenue from personal and household care products segment decreased by RM0.43 million or 53.8% to RM0.37 million in FPE 2024 from RM0.80 million in FPE 2023. The decrease was mainly due to the decrease in sales of hand sanitisers by RM0.40 million and face masks by RM0.15 million. The demand for our personal care products reduced significantly as the public resumes their normal life post COVID-19, where hand sanitisers and face masks are less frequently used.

The decrease was partially offset by the sales of laundry care products of RM0.11 million, which were launched in June 2024.

Accessories and others segment

Our revenue derived from accessories and others segment remained relatively consistent at approximately RM0.02 million for both FPE 2023 and FPE 2024.

11. FINANCIAL INFORMATION *(cont'd)*

(ii) Cost of sales, GP and GP margin

Analysis of cost of sales by cost components

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Product costs	12,495	96.7	18,125	96.9	19,218	88.2	13,946	90.2	16,715	90.1
Freight and insurance charges	352	2.7	492	2.6	495	2.3	357	2.3	355	1.9
Packaging costs	74	0.6	90	0.5	90	0.4	70	0.5	130	0.7
Royalty fees	-	-	-	-	1,982	9.1	1,091	7.0	1,356	7.3
Total	**12,921**	**100.0**	**18,707**	**100.0**	**21,785**	**100.0**	**15,464**	**100.0**	**18,556**	**100.0**

(a) Product costs

Product costs mainly comprises costs of our car fragrances, indoor fragrances, personal and household care products and accessories. These were the largest components of our cost of sales, representing 96.7%, 96.9%, 88.2% and 90.1% of our total cost of sales for the Period Under Review. If there is any revision in our purchase prices, we are able to pass down such increase to customers via revision in our products' selling price. However, we will first assess and evaluate the quantum and reasons for the increase prior to deciding on whether to revise its products' selling prices.

(b) Freight and insurance charges

Freight and insurance charges represented 2.7%, 2.6%, 2.3% and 1.9% of our total cost of sales for the Period Under Review.

(c) Packaging costs

Packaging costs represented 0.6%, 0.5%, 0.4% and 0.7% of our total cost of sales for the Period Under Review.

(d) Royalty fees

Royalty fees represent the fees paid to The Walt Disney Company (Malaysia) Sdn Bhd for us to market and sell our car fragrances and indoor fragrances products under their characters. It represented 9.1% and 7.3% of our total cost of sales for FYE 2023 and FPE 2024 respectively.

11. FINANCIAL INFORMATION *(cont'd)*

Analysis of cost of sales by business segments and products

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Car fragrances	7,662	59.3	10,580	56.6	17,357	79.7	11,951	77.3	14,667	79.1
Indoor fragrances	4,350	33.7	5,628	30.1	3,813	17.5	2,979	19.3	3,640	19.6
Personal and household care products	899	6.9	2,432	13.0	551	2.5	473	3.0	224	1.2
Accessories and others	10	0.1	67	0.3	64	0.3	61	0.4	25	0.1
Total	**12,921**	**100.0**	**18,707**	**100.0**	**21,785**	**100.0**	**15,464**	**100.0**	**18,556**	**100.0**

Analysis of GP and GP margin by business segments and products

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Car fragrances	5,966	43.8	8,139	43.5	15,206	46.7	10,510	46.8	13,876	48.6
Indoor fragrances	3,440	44.2	4,593	44.9	3,393	47.1	2,619	46.8	4,210	53.6
Personal and household care products	458	33.8	2,581	51.5	513	48.2	329	41.0	143	39.0
Accessories and others[1]	6	37.5	(50)	(294.1)	(42)	(190.9)	(44)	(258.8)	(10)	(66.7)
Total	**9,870**	**43.3**	**15,263**	**44.9**	**19,070**	**46.7**	**13,414**	**46.5**	**18,219**	**49.5**

Note:

(1) As part of our sales promotion, we occasionally give out free gifts such as anti-slip mats and water bottles to our customers and as such resulted in negative GP for this segment.

Comparison between FYE 2021 and FYE 2022

Analysis by cost components

Our cost of sales increased by RM5.79 million or 44.8% to RM18.71 million in FYE 2022 from RM12.92 million in FYE 2021. The increase was mainly attributable to the increase in product costs by RM5.63 million or 45.0%, which corresponds with the increase in revenue for FYE 2022.

Analysis by business segments and products

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM2.92 million or 38.1% from RM7.66 million in FYE 2021 to RM10.58 million in FYE 2022.

Our GP increased by RM5.39 million or 54.6% to RM15.26 million in FYE 2022 from RM9.87 million in FYE 2021. Our car fragrances segment is the main contributor to our GP, which recorded an increase of RM2.17 million or 36.3% to RM8.14 million in FYE 2022 from RM5.97 million in FYE 2021. Our GP margin increased marginally from 43.3% recorded in FYE 2021 to 44.9% recorded in FYE 2022. The GP margin for:

(i) Car fragrances segment remained stable at 43.5% in FYE 2022 as compared with 43.8% in FYE 2021;

(ii) Indoor fragrances segment remained stable at 44.9% in FYE 2022 as compared with 44.2% in FYE 2021; and

(iii) Personal and household care products segment increased from 33.8% in FYE 2021 to 51.5% in FYE 2022 mainly due to the collaboration with Bergamot, which has contributed additional RM1.05 million to our revenue in FYE 2022. As the advertising and promotion expenses is captured under selling and distribution expenses, the additional revenue increased our GP and GP margin for personal care products segment.

Comparison between FYE 2022 and FYE 2023

Analysis by cost components

Our cost of sales increased by RM3.08 million or 16.5% to RM21.79 million in FYE 2023 from RM18.71 million in FYE 2022. The increase was mainly attributable to the increase in product costs by RM1.09 million and royalty fees of RM1.98 million.

11. FINANCIAL INFORMATION *(cont'd)*

Analysis by business segments and products

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM6.78 million or 64.1% from RM10.58 million in FYE 2022 to RM17.36 million in FYE 2023.

Our GP increased by RM3.81 million or 25.0% to RM19.07 million in FYE 2023 from RM15.26 million in FYE 2022. Our car fragrances segment is the main contributor to our GP, which recorded an increase of RM7.07 million or 86.9% to RM15.21 million in FYE 2023 from RM8.14 million in FYE 2022. Our GP margin increased from 44.9% recorded in FYE 2022 to 46.7% recorded in FYE 2023. The GP margin for:

(i) Car fragrances segment increased from 43.5% in FYE 2022 to 46.7% in FYE 2023 mainly due to the upward revision in selling prices of between 7% to 10% for our car fragrance products such as LX Dashboard Gel series, Gentleman and Goddess series and Mini'ature series, which led to higher GP margin contributions. We have not increased the selling prices of our products since its launch until FYE 2023 where we have revised our products' selling prices upwards mainly due to increase in product costs resulting from the foreign exchange rate fluctuations. Our product costs are mainly denominated in RMB. As the exchange rate for RMB has increased gradually since 2021 (from approximately RM0.6176 : RMB1 on 4 January 2021 to RM0.6524 : RMB1 on 30 September 2022), we decided to revise our car fragrance products' selling prices. We will assess and review our products' selling prices as and when necessary, especially if it contributes to a material change in our product costs; and

(ii) Indoor fragrances increased from 44.9% in FYE 2022 to 47.1% in FYE 2023 mainly due to upward revision in selling prices of between 3% to 4% for our indoor fragrance products, Duo series. We have not increased the selling prices of our products since its launch until FYE 2023 where we have revised our products' selling prices upwards mainly due to increase in product costs resulting from the foreign exchange rate fluctuations. Our product costs are mainly denominated in RMB. As the exchange rate for RMB have increased gradually since 2021 (from approximately RM0.6176 : RMB1 on 4 January 2021 to RM0.6524 : RMB1 on 30 September 2022), we decided to revise our indoor fragrance products' selling prices. We will assess and review our products' selling prices as and when necessary, especially if it contributes to a material change in our product costs. The scented candles and bathroom air fresheners launched in FYE 2023 also has a higher GP margin as compared to the other indoor fragrance products, which led to higher GP margin contributions.

11. FINANCIAL INFORMATION *(cont'd)*

Comparison between FPE 2023 and FPE 2024

Analysis by cost components

Our cost of sales increased by RM3.10 million or 20.1% to RM18.56 million in FPE 2024 from RM15.46 million in FPE 2023. The increase was mainly attributable to the increase in product costs by RM2.77 million, in line with the increase in our revenue for FPE 2024.

Analysis by business segment

The increase in cost of sales was mainly contributed by the car fragrances segment, which increased by RM2.72 million or 22.8% from RM11.95 million in FPE 2023 to RM14.67 million in FPE 2024.

Our GP increased by RM4.81 million or 35.9% to RM18.22 million in FPE 2024 from RM13.41 million in FPE 2023. Our car fragrances segment was the main contributor to our GP, which recorded an increase of RM3.37 million or 32.1% to RM13.88 million in FPE 2024 from RM10.51 million in FPE 2023. Our GP margin increased from 46.5% recorded in FPE 2023 to 49.5% recorded in FPE 2024. The increased in GP margin was mainly attributable to:

(i) Indoor fragrances segment increased from 46.8% in FPE 2023 to 53.6% in FPE 2024 mainly due to the higher GP margins earned from our 2-in-1 Bathroom Air Freshener series launched in May 2023 and Reed Diffuser series launched in October 2023; and

(ii) Car fragrances segment increased from 46.8% in FPE 2023 to 48.6% in FPE 2024 mainly due to the increase in sales from the Mini Vent Perfume series which yields a higher profit margin.

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11. FINANCIAL INFORMATION *(cont'd)*

(iii) Other income

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales commission earned from selling our customer's glove products[(1)(2)]	1,150	99.8	45	38.2	-	-	-	-	-	-
Wages subsidy[(1)]	-	-	58	49.2	-	-	-	-	3	5.1
Gain on disposal of property, plant and equipment	-	-	11	9.3	114	91.9	115	94.3	-	-
Interest income	2	0.2	4	3.3	9	7.3	7	5.7	14	23.7
Realised gain on foreign exchange	-	-	-	-	1	0.8	-	-	2	3.4
Gain on lease modification	-	-	-	-	-	-	-	-	40	67.8
Total	**1,152**	**100.0**	**118**	**100.0**	**124**	**100.0**	**122**	**100.0**	**59**	**100.0**

Notes:

(1) One-off income incurred by the Group for the Period Under Review.

(2) Our Group is entitled for sales commission based on the number of pieces of gloves products sold to our referred customer.

Comparison between FYE 2021 and FYE 2022

Our other income decreased by RM1.03 million or 89.6% to RM0.12 million in FYE 2022 from RM1.15 million in FYE 2021. The decrease was mainly due to the higher sales commission from selling our customer's glove products in FYE 2021.

The decrease was partially offset by wages subsidy received from the Malaysian Government as part of the COVID-19 economic stimulus package. Our Group received the said subsidy in FYE 2022 under *Program Subsidi Upah 4.0* and *Program Penjana Kerjaya*.

Comparison between FYE 2022 and FYE 2023

Our other income increased by RM0.06 million or 5.1% to RM0.12 million in FYE 2023. The increase was mainly due to gain on disposal of a motor vehicle in FYE 2023.

11. FINANCIAL INFORMATION *(cont'd)*

The increase was partially offset by decrease in sales commission earned from selling our customer's glove products and wages subsidy as it did not recur in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our other income decreased by RM0.06 million or 50.0% to RM0.06 million in FPE 2024. The decrease was mainly due to the gain on disposal of property, plant and equipment recorded in FPE 2023 of RM0.12 million which did not recur in FPE 2024.

The decrease was partially offset by the gain on lease modification recorded in FPE 2024 of RM0.04 million. The gain on lease modification was due to the change in the lease terms of our previous premise in Kampung Baru Subang as we did not renew the lease upon the expiry of the initial lease term.

(iv) Administrative expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs[1]	607	28.3	1,299	40.8	1,582	40.1	1,232	42.7	1,737	35.8
Directors' remuneration	410	19.1	251	7.9	296	7.5	227	7.9	325	6.7
Amortisation and depreciation[2]	685	31.9	923	29.0	963	24.4	685	23.7	1,461	30.1
Professional fees[3]	194	9.1	226	7.1	349	8.8	161	5.6	341	7.0
Utilities[4]	26	1.2	45	1.4	56	1.4	41	1.4	77	1.6
Travelling expenses	14	0.7	54	1.7	117	3.0	89	3.1	301	6.2
Maintenance	18	0.8	65	2.0	66	1.7	53	1.8	107	2.2
Printing	34	1.6	51	1.6	36	0.9	28	1.0	47	1.0
Insurance and road tax	43	2.0	34	1.0	63	1.6	52	1.8	44	0.9
Rental expense	-	-	15	0.5	128	3.3	94	3.2	154	3.2
Stamp duty	8	0.4	36	1.1	37	0.9	32	1.1	4	0.1
Software fees[5]	14	0.7	44	1.4	28	0.7	22	0.8	33	0.7
Others[6]	91	4.2	143	4.5	223	5.7	170	5.9	219	4.5
Total	**2,144**	**100.0**	**3,186**	**100.0**	**3,944**	**100.0**	**2,886**	**100.0**	**4,850**	**100.0**

Notes:

(1) Staff costs include salaries, bonus, allowances, statutory contributions, overtime, training and medical expenses.

11. FINANCIAL INFORMATION *(cont'd)*

(2) Amortisation and depreciation include amortisation of trademark, depreciation of property, plant and equipment and right-of-use assets.

(3) Professional fees incurred for audit, tax, legal, consultation and secretarial services.

(4) Utilities include electricity, water and telephone charges.

(5) Software fees relates to subscription and maintenance fees paid for our accounting, payroll and online sales platform software as well as website design fees.

(6) Others include bank charges, donations, gift, entertainment and security fees.

Comparison between FYE 2021 and FYE 2022

Our administrative expenses increased by RM1.05 million or 49.1% to RM3.19 million in FYE 2022 from RM2.14 million in FYE 2021. The increase was mainly attributable to the following:

(i) The increase in staff costs of RM0.69 million mainly due to salary increments and bonuses, and recruitment of 4 new staff in FYE 2022 for the finance, administration and operations department;

(ii) The increase in amortisation and depreciation expenses of RM0.24 million mainly due to increase in depreciation of property, plant and equipment. Our property, plant and equipment increased by RM3.17 million in FYE 2022 as we move to bigger premise in Subang from our previous premise in Kota Damansara which resulted in increased of leased properties and renovations, and purchase of office equipment and tools and equipment for our operations;

(iii) The increase in maintenance expenses by RM0.05 million and increase in travelling expenses by RM0.04 million. The increase in maintenance expenses is mainly due to the increase in maintenance for motor vehicles whilst increase in travelling expenses is mainly due to increase in travelling and petrol claims;

(iv) The increase in professional fees of RM0.03 million mainly due to fees paid for the research collaboration with Universiti Sains Malaysia; and

(v) The increase in software fees of RM0.03 million mainly due to expenses incurred for the design of our website and its related monthly maintenance which commenced in December 2021.

The above increases were partially offset by the decrease in director's remuneration by RM0.16 million in FYE 2022 because of lower directors' remuneration package following the resignation of our previous director, Ng Yee Heng in August 2021.

Comparison between FYE 2022 and FYE 2023

Our administrative expenses increased by RM0.75 million or 23.5% to RM3.94 million in FYE 2023 from RM 3.19 million in FYE 2022. The increase was mainly attributable to the following:

(i) The increase in staff costs of RM0.28 million mainly due to annual salary increments and higher bonuses in FYE 2023;

(ii) The increase in professional fees of RM0.12 million mainly due to fees paid to various professionals in preparation for our Listing;

(iii) The increase in rental expenses of RM0.11 million mainly due to full year rental recorded for our retail kiosk in Mid Valley as compared to approximately 2 months rental recorded in FYE 2022 as the Mid Valley kiosk was launched in August 2022;

(iv) The increase in travelling expenses by RM0.06 million mainly due to the increase in travelling claims as our sales personnel visited more customers in FYE 2023 in line with the increase in our customer base;

(v) The increase in directors' remuneration by RM0.05 million mainly due to the salary increments for our directors; and

(vi) The increase in depreciation and amortisation expenses of RM0.04 million mainly due to increase in depreciation expenses for our new retail kiosks and the related equipment as we launched 2 new retail kiosks in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our administrative expenses increased by RM1.96 million or 67.8% to RM4.85 million in FPE 2024 from RM2.89 million in FPE 2023. The increase was mainly attributable to the following:

(i) Increase in amortisation and depreciation expenses by RM0.77 million mainly due to increase in depreciation expenses for our new retail kiosks and the related equipment as we expanded to 5 retail kiosks in FPE 2024 as compared to 3 retail kiosks in FPE 2023. In addition, we also moved to a new headquarter cum warehouse in Bukit Jelutong in FPE 2024 which resulted in higher depreciation of property, plant and equipment;

(ii) Increase in staff costs by RM0.51 million mainly due to annual salary increments and higher bonuses in FPE 2024;

(iii) Increase in travelling expenses by RM0.21 million due to the increase in travelling claims as our sales personnel visited more customers in FPE 2024 in line with the increase in our customer base;

11. FINANCIAL INFORMATION *(cont'd)*

(iv) Increase in directors' remuneration by RM0.10 million mainly due to the salary increments and bonuses for our directors; and

(v) Increase in professional fees by RM0.18 million mainly due to fees paid to various professionals in preparation for our Listing.

(v) Selling and distribution expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement	2,460	56.0	3,342	53.9	2,459	31.9	2,180	38.1	1,439	19.5
Staff costs	711	16.2	1,338	21.6	1,861	24.2	1,317	23.0	1,950	26.4
Promotional expenses	131	3.0	474	7.6	1,380	17.9	903	15.8	2,481	33.5
Transport and postage charges[1]	386	8.8	425	6.8	708	9.2	489	8.5	773	10.5
Listing fees[2]	28	0.6	153	2.5	800	10.4	460	8.0	389	5.3
Sales commission[3]	59	1.3	117	1.9	77	1.0	58	1.0	48	0.6
Management fee[4]	358	8.2	31	0.5	-	-	-	-	-	-
Others[5]	258	5.9	324	5.2	414	5.4	320	5.6	315	4.2
Total	**4,391**	**100.0**	**6,204**	**100.0**	**7,699**	**100.0**	**5,727**	**100.0**	**7,395**	**100.0**

Notes:

(1) Transport and postage charges includes transportation and postage charges to retailers, distributors, resellers and/or consumers.

(2) Listing fees are charged for displaying and promotion of our products at retailers such as groceries stores, hypermarkets, convenience stores and pharmacies.

(3) Sales commission are mainly paid to sellers or live hosts who sell our products via live streaming or live selling using e-commerce or social media platforms.

(4) Management fees paid to an e-commerce platform operator in China, Jinbaomen Co Ltd, for the sales and distribution of our products on the said e-commerce platform, which is www.tmall.com.

(5) Others include e-commerce platform charges, samples of perfume, withholding taxes, testing fees and designing fees.

Comparison between FYE 2021 and FYE 2022

Our selling and distribution expenses increased by RM1.81 million or 41.2% to RM6.20 million in FYE 2022 from RM4.39 million in FYE 2021. The increase was mainly attributable to the following:

(i) The increase in advertisement expenses of RM0.88 million mainly due to fees paid for brand ambassador, video production and increased advertisements both on social media and mass media, to strengthen our brand awareness and for launching of the new product series, namely the Negative Ion Aroma Diffuser series in December 2021;

(ii) The increase in staff costs of RM0.63 million mainly due to salary increments and increase of 15 new sales and marketing staff in FYE 2022 as a result of the increase in our distribution channels in line with our business growth;

(iii) The increase in promotional expenses of RM0.34 million mainly due to promotional rebates during campaigns such as purchase with purchase programmes carried out by our retailers in FYE 2022 as a strategy to increase the sales of our products; and

(iv) The increase in listing fees of RM0.13 million as we display our products in more retailers in FYE 2022. The number of retailers that carries our product increased from 682 for FYE 2021 to 992 for FYE 2022.

The above increases were partially offset by the decrease in management fees of RM0.33 million in FYE 2022 because we terminated the services of an e-commerce platform operator in China, Jinbaomen Co Ltd, and ceased the sales of our products on tmall.com as it was not profitable.

Comparison between FYE 2022 and FYE 2023

Our selling and distribution expenses increased by RM1.50 million or 24.2% to RM7.70 million in FYE 2023 from RM6.20 million in FYE 2022. The increase was mainly attributable to the following:

(i) The increase in promotional expenses of RM0.91 million mainly due to promotional campaigns such as purchase with purchase programmes and member price discounts, undertaken by hypermarkets and retailers to increase the sales of our products. Such promotional campaigns have also contributed to the increase in our sales for FYE 2023;

(ii) The increase in listing fees by RM0.65 million as we display our products in more retailers in FYE 2023 such as in hypermarkets, convenience stores and pharmacies. The number of retailers that carries our product increased from 992 for FYE 2022 to 1,458 for FYE 2023;

(iii) The increase in staff costs of RM0.52 million mainly due to annual salary increments and increase of 2 new sales and marketing staff including a marketing manager, as we launched 2 new retail kiosks during FYE 2023; and

(iv) The increase in transport and postage charges by RM0.28 million in line with the increase in the number of our retailers from 992 for FYE 2022 to 1,458 for FYE 2023.

The above increases were partially offset by the decrease in advertisement expenses of RM0.88 million as we reduced advertisements and focused more on promotional activities such as giving promotional rebates in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our selling and distribution expenses increased by RM1.67 million or 29.1 % to RM7.40 million in FPE 2024 from RM5.73 million in FPE 2023. The increase was mainly attributable to the following:

(i) Increase in promotional expenses by RM1.58 million as we conducted more promotional campaigns such as purchase with purchase programmes and member price discounts, with hypermarkets and retailers to increase the sales of our products;

(ii) Increase in staff costs by RM0.63 million mainly due to annual salary increments, higher bonuses, and increase of new sales and marketing staff as we expanded to 5 retail kiosks in FPE 2024 as compared to 3 retail kiosks in FPE 2023; and

(iii) Increase in transportation and postage charges by RM0.28 million in line with the increase in our revenue and the number of retailers from 1,340 for FPE 2023 to 1,961 for FPE 2024.

The above increases were partially offset by the decrease in advertisement expenses by RM0.74 million as we reduced advertisements and focused more on promotional activities such as giving promotional rebates in FPE 2024.

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11. FINANCIAL INFORMATION *(cont'd)*

(vi) Other operating expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Net impairment[1]	18	28.6	39	43.3	78	100.0	58	98.3	54	14.6
Deposit forfeited[2]	44	69.8	25	27.8	-	-	-	-	-	-
Realised loss on foreign exchange	1	1.6	-	-	-	-	1	1.7	-	-
Property, plant and equipment written off	-	-	8	8.9	-	-	-	-	315	85.4
Loss on lease modification	-	-	18	20.0	-	-	-	-	-	-
Total	**63**	**100.0**	**90**	**100.0**	**78**	**100.0**	**59**	**100.0**	**369**	**100.0**

Notes:

(1) Net impairment relates to expected credit loss and specific impairment on our trade receivables.

(2) Deposit forfeited was due to early termination of our rental for premise in Sunway Damansara for FYE 2021 and premise in Kota Damansara for FYE 2022.

Comparison between FYE 2021 and FYE 2022

Our other operating expenses increased by RM0.03 million or 50.0% from RM0.06 million in FYE 2021 to RM0.09 million in FYE 2022 mainly due to the following:

(i) The increase in net impairment of RM0.02 million due to the increase in impairment for expected credit losses by RM0.02 million as a result of the increase in our total trade receivables amount from RM0.74 million as at FYE 2021 to RM4.95 million as at FYE 2022; and

(ii) The increase in loss on lease modification of RM0.02 million because we moved to premise in Subang in March 2022 which resulted in the early termination of our rental agreement for previous premise in Kota Damansara. The tenure for the rental of our Kota Damansara premise was for 2 years, but we terminated it approximately 6 months prior to its expiry.

Comparison between FYE 2022 and FYE 2023

Our other operating expenses decreased by RM0.01 million or 11.1% mainly due to the decrease in deposit forfeited by RM0.03 million and loss on lease modifications of RM0.02 million as we did not incur such expenses in FYE 2023. The decreases were partially offset by increase in net impairment of RM0.04 million mainly due to the increase in our total trade receivables amount from RM4.95 million as at FYE 2022 to RM6.61 million as at FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our other operating expenses increased by RM0.31 million or 516.67% in FPE 2024 mainly due to the write-off of renovations for our previous premise at Kampung Baru Subang when we moved to our new headquarter cum warehouse in Bukit Jelutong in FPE 2024.

(vii) Finance costs

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Interest expenses on:										
- Overdraft	-	-	2	0.5	15	2.4	14	3.1	27	4.9
- Bankers' acceptances	23	10.9	96	27.0	241	39.3	163	36.4	214	39.0
- Lease liabilities	39	18.6	83	23.3	110	17.9	80	17.9	149	27.1
- Term loans	148	70.5	175	49.2	248	40.4	191	42.6	159	29.0
Total	**210**	**100.0**	**356**	**100.0**	**614**	**100.0**	**448**	**100.0**	**549**	**100.0**

Comparison between FYE 2021 and FYE 2022

Our finance costs increased by RM0.15 million or 71.4% to RM0.36 million in FYE 2022 from RM0.21 million in FYE 2021. The increase was mainly attributable to the following:

(i) The increase in interest for bankers' acceptances by RM0.07 million as we utilised more bankers' acceptances for working capital purposes in FYE 2022. Our outstanding bankers' acceptances increased from RM1.20 million as at 30 September 2021 to RM2.04 million as at 30 September 2022;

(ii) The increase in interest for lease liabilities by RM0.04 million as a result of additional lease liabilities of RM1.78 million taken up in FYE 2022; and

11. FINANCIAL INFORMATION *(cont'd)*

(iii) The increase in interest for term loans by RM0.03 million as additional term loan of RM2.25 million was drawndown from several banks in FYE 2022 for working capital purposes.

Comparison between FYE 2022 and FYE 2023

Our finance costs increased by RM0.26 million or 72.5% to RM0.61 million in FYE 2023 from RM0.36 million in FYE 2022. The increase was mainly attributable to the following:

(i) The increase in interest for bankers' acceptances by RM0.15 million as we utilised more bankers' acceptances for working capital purposes in FYE 2023. Our outstanding bankers' acceptances increased from RM2.04 million as at 30 September 2023 to RM5.84 million as at 30 September 2023; and

(ii) The increase in interest for term loans by RM0.07 million as we incurred full year interest on the additional term loans obtained in FYE 2022.

Comparison between FPE 2023 and FPE 2024

Our finance costs increased by RM0.10 million or 22.2% to RM0.55 million in FPE 2024 from RM0.45 million in FPE 2023. The increase was mainly attributable to the following:

(i) The increase in interest for lease liabilities by RM0.07 million as a result of additional lease liabilities from rights-of-use assets in FPE 2024; and

(ii) The increase in interest for bankers' acceptances by RM0.05 million as we utilised more bankers' acceptances for working capital purposes in FPE 2024.

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(viii) PBT and PBT margin

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
PBT (RM'000)	4,214	5,545	6,859	4,416	5,115
PBT margin (%)	18.5	16.3	16.8	15.3	13.9

Comparison between FYE 2021 and FYE 2022

Our Group's PBT increased by RM1.34 million or 31.8% to RM5.55 million in FYE 2022 from RM4.21 million in FYE 2021. The increase was mainly due to overall growth of our Group's businesses.

Our PBT margin decreased from 18.5% in FYE 2021 to 16.3% in FYE 2022 mainly due to higher other income earned in FYE 2021, which did not recur in FYE 2022. Please refer to Section 11.2.2 (iii) of this Prospectus for further details on our other income.

Comparison between FYE 2022 and FYE 2023

Our Group's PBT for FYE 2023 increased by RM1.31 million or 23.6% to RM6.86 million in FYE 2023 from RM5.55 million in FYE 2022. The increase was in line with the growth in our revenue for FYE 2023.

Our PBT margin remained consistent at 16.8% for FYE 2023 vis-à-vis 16.3% recorded for FYE 2022.

Comparison between FPE 2023 and FPE 2024

Our Group's PBT for FPE 2024 increased by RM0.70 million or 15.8% to RM5.12 million in FPE 2024 from RM4.42 million in FPE 2023. The increase was in line with the growth in our revenue and the improved GP for FPE 2024.

Our PBT margin decreased slightly from 15.3% for FPE 2023 to 13.9% for FPE 2024 mainly due to the higher administrative expenses, selling and distribution expenses and other operating expenses as detailed in Section 11.2.2 (iv), (v) and (vi) above.

(ix) Taxation

The following sets out the reconciliation of income tax expense applicable to our PBT at the Malaysian statutory tax rates to income tax expense at the effective tax rate of our Group:

	Audited			Unaudited	Audited
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Tax expenses	1,176	1,270	1,764	1,145	1,458
Effective tax rate (%)	27.9	22.9	25.7	25.9	28.5
Malaysian statutory tax rate (%)	24.0	24.0	24.0	24.0	24.0

Comparison between FYE 2021 and FYE 2022

Our effective tax rate for FYE 2021 was higher than the statutory tax rate mainly due to timing difference where a deposit amounting to RM0.26 million received and taxed in FYE 2021 was only recognised as revenue in FYE 2022.

However, the effective tax rate for FYE 2022 was lower as compared to FYE 2021 mainly due to the following:

(i) The deposit of RM0.26 million received and taxed in FYE 2021 was recognised as revenue in FYE 2022 when the products were delivered to the customer;

(ii) Renovation of RM0.30 million which was a special deduction allowed on the costs for renovating and refurbishing business premises for costs incurred between 1 March 2020 and 31 December 2022; and

(iii) Increased utilisation of capital allowances of RM0.22 million in FYE 2022 as we purchased new moulds to produce our ultrasonic diffuser and new office equipment, tools and equipment when we moved to our premise in Subang.

Comparison between FYE 2022 and FYE 2023

Our effective tax rate for FYE 2023 was higher than the statutory tax rate mainly due to the non-deductible expenses such as professional fees amounting to RM0.16 million recorded in FYE 2023. In addition, there was no special deduction allowed in FYE 2023.

Comparison between FPE 2023 and FPE 2024

Our effective tax rate for both FPE 2023 and FPE 2024 is higher than the statutory tax rate mainly due to the non-deductible expenses such as professional fees amounting to RM0.34 million in FPE 2024.

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11.2.3 Review of Financial Position

(i) Assets

	Audited			
	As at 30 September			As at 30 June 2024
	2021	2022	2023	
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Property, plant and equipment	1,227	3,291	7,233	7,383
Intangible assets	104	101	95	86
Other investment	-	95	95	95
Deferred tax assets	2	5	13	23
Total non-current assets	**1,333**	**3,492**	**7,436**	**7,587**
Current assets				
Inventories	2,938	3,134	6,048	5,772
Trade receivables	736	4,946	6,606	8,268
Other receivables, deposits and prepayments	915	1,046	2,157	2,557
Fixed deposits with licensed banks	360	441	530	315
Cash and bank balances	1,967	1,713	1,496	454
Total current assets	**6,916**	**11,280**	**16,837**	**17,366**
Total assets	**8,249**	**14,772**	**24,273**	**24,953**

Comparison between FYE 2021 and FYE 2022

Non-current assets

Our non-current assets increased by RM2.16 million or 162.4% to RM3.49 million in FYE 2022 from RM1.33 million in FYE 2021 mainly due to increase in property, plant and equipment. We moved from our previous premise in Kota Damansara to a bigger premise in Subang in March 2022 resulting in an increase of leased properties and renovations, and purchase of new office equipment, tools and equipment for our operations.

Current assets

Our current assets increased by RM4.36 million or 63.0% to RM11.28 million in FYE 2022 from RM6.92 million in FYE 2021 mainly due to the following:

(i) Increase in trade receivables by RM4.21 million to RM4.95 million in FYE 2022 from RM0.74 million in FYE 2021. For FYE 2021, 79.3% of our sales were on cash term basis whilst the remaining 20.7% were on credit term basis. As we expanded our business and distribution channels in FYE 2022, our number of credit customers increased to 36.4% of our total sales. As such, our trade receivables increased accordingly in FYE 2022; and

(ii) Increase in inventories by RM0.20 million to RM3.13 million in FYE 2022 from RM2.94 million in FYE 2021 as we purchased more stocks towards the end of FYE 2022 in anticipation of higher sales during the year end promotion period.

Comparison between FYE 2022 and FYE 2023

Non-current assets

Our non-current assets increased by RM3.95 million or 113.2% to RM7.44 million in FYE 2023 from RM3.49 million in FYE 2022 mainly due to increase in property, plant and equipment. We launched 2 new retail kiosks in FYE 2023 and rented a new headquarter cum warehouse in Bukit Jelutong in August 2023, which increased our leased properties, renovations and equipment.

Current assets

Our current assets further increased by RM5.56 million or 49.3% to RM16.84 million in FYE 2023 from RM11.28 million in FYE 2022 mainly due to the following:

(i) Increase in inventories by RM2.92 million to RM6.05 million in FYE 2023 from RM3.13 million in FYE 2022. We launched more new products in FYE 2023 such as the Natural Scented Candles series, Marvel Car Vent Perfume and Refill series and 2-in-1 Bathroom Air Freshener series. As such, we increased our inventories level to ensure sufficient inventories for our retail kiosks and to service the increased number of retailers from 992 for FYE 2022 to 1,458 for FYE 2023;

(ii) Increase in trade receivables by RM1.66 million to RM6.61 million in FYE 2023 from RM4.95 million in FYE 2022. For FYE 2023, our number of credit customers increased to 48.0% of our sales and as such our trade receivables increased accordingly; and

(iii) Increase in other receivables, deposits and prepayments by RM1.11 million to RM2.16 million in FYE 2023 from RM1.05 million in FYE 2022. The increase was mainly due to increase in prepayments by RM0.91 million for renovation deposits of RM0.37 million, prepayment of professional fees for our Listing of RM0.38 million and prepayment for sponsorships and advertisements of RM0.18 million.

Comparison between 30 September 2023 and 30 June 2024

Non-current assets

Our non-current assets increased by RM0.15 million or 2.0% to RM7.59 million in FPE 2024 from RM7.44 million in FYE 2023 mainly due to increase in property, plant and equipment. The increase in property, plant and equipment was mainly due to increase in renovations when we moved to our new headquarter cum warehouse in Bukit Jelutong in FPE 2024.

Current assets

Our current assets increased by RM0.53 million or 3.1% to RM17.37 million in FPE 2024 from RM16.84 million in FYE 2023 mainly due to increase in trade receivables by RM1.66 million. For FYE 2023, 52.0% of our sales were on cash term basis whilst the remaining 48.0% were on credit term basis. As we expanded our business and distribution channels in FPE 2024, our credit sales increased to 60.6% of our total sales. As such, our trade receivables increased accordingly in FPE 2024.

The above increase was partially offset by the decrease in our cash and bank balances by RM1.05 million as we utilised more of our cash at hand for our business operations as at 30 June 2024.

(ii) Liabilities

	Audited			
	As at 30 September			As at 30 June 2024
	2021	2022	2023	
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
Bank borrowings	879	2,487	1,920	1,275
Lease liabilities	390	1,466	3,502	2,470
Deferred tax liabilities	7	7	45	79
Total non-current liabilities	**1,276**	**3,960**	**5,467**	**3,824**
Current liabilities				
Trade payables	215	116	43	504
Other payables, accruals and deposits received	747	217	1,247	770
Bank borrowings	1,375	2,547	6,377	5,641
Lease liabilities	384	478	1,608	1,443
Current tax liabilities	274	201	383	466
Total current liabilities	**2,995**	**3,559**	**9,658**	**8,824**
Total liabilities	**4,271**	**7,519**	**15,125**	**12,648**

Comparison between FYE 2021 and FYE 2022

Non-current liabilities

Our non-current liabilities increased by RM2.68 million or 209.4% to RM3.96 million in FYE 2022 from RM1.28 million in FYE 2021 mainly due to the following:

(i) Increase in bank borrowings by RM1.61 million as additional term loan of RM2.25 million was drawndown from several banks in FYE 2022 for working capital purposes; and

(ii) Increase in lease liabilities by RM1.08 million mainly due to increase in our leased property as we moved to our bigger premise in Subang and the purchase of motor vehicles under finance lease arrangement.

Current liabilities

Our current liabilities further increased by RM0.56 million or 18.7% to RM3.56 million in FYE 2022 from RM3.00 million in FYE 2021 mainly due to the following:

(i) Increase in bank borrowings by RM1.17 million mainly due to increased utilisation of bankers' acceptances in FYE 2022 for working capital purposes. Our outstanding bankers' acceptances increased from RM1.20 million as at 30 September 2021 to RM2.04 million as at 30 September 2022; and

(ii) Increase in lease liabilities by RM0.09 million to RM0.48 million in FYE 2022 from RM0.38 million in FYE 2021 mainly due to increase in our leased properties as we moved to our bigger premise in Subang and the purchase of motor vehicles under finance lease arrangement.

The above increases were partially offset by the drop in the following:

(i) Decrease in other payables, accruals and deposits received by RM0.53 million. We received deposit amounting to RM0.26 million from a customer in FYE 2021, where the product was delivered and recognised as revenue in FYE 2022; and

(ii) Decrease in trade payables by RM0.10 million mainly due to lower purchase from credit suppliers towards end of FYE 2022 as compared to FYE 2021.

Comparison between FYE 2022 and FYE 2023

Non-current liabilities

Our non-current liabilities increased by RM1.51 million or 38.1% to RM5.47 million in FYE 2023 from RM3.96 million in FYE 2022 mainly due to increase in lease liabilities by RM2.04 million. The increase in lease liabilities was mainly due to increase in our leased properties for our retail kiosks and our new headquarter cum warehouse in Bukit Jelutong, and the purchase of motor vehicles under finance lease arrangement.

Current liabilities

Our current liabilities further increased by RM6.10 million or 171.3% to RM9.66 million in FYE 2023 from RM3.56 million in FYE 2022 mainly due to the following:

(i) Increase in bank borrowings by RM3.83 million as we utilised more bankers' acceptances for working capital purposes in FYE 2023. Our outstanding bankers' acceptances increased from RM2.04 million as at 30 September 2022 to RM5.84 million as at 30 September 2023;

(ii) Increase in lease liabilities by RM1.13 million mainly due to increase in our leased properties for our retail kiosks and our new headquarter cum warehouse in Bukit Jelutong, and the purchase of motor vehicles under finance lease arrangement; and

(iii) Increase in other payables, accruals and deposits received by RM1.03 million mainly due to accruals for royalty fees to be paid of RM0.88 million.

Comparison between 30 September 2023 and 30 June 2024

Non-current liabilities

Our non-current liabilities decreased by RM1.65 million or 30.2% to RM3.82 million in FPE 2024 from RM5.47 million in FYE 2023 mainly due to decrease in lease liabilities by RM1.03 million and bank borrowings by RM0.64 million. The decrease in lease liabilities was mainly due to repayment made during the year and derecognition of the lease of our previous premise in Kampung Baru Subang, whilst decrease in bank borrowings was mainly due to repayment made during the period.

Current liabilities

Our current liabilities decreased by RM0.84 million or 8.7% to RM8.82 million in FPE 2024 mainly due to decrease in bank borrowings by RM0.74 million as a result of the repayment made during the period.

11.2.4 Impact of foreign exchange rates, interest rates and/or commodity prices

(i) Impact of foreign exchange rates

Our exposure to foreign currency risk arises primarily from purchases that are denominated in currencies other than the functional currency of our Group. Our foreign currency risk arises when and to the extent these payment and receivable amounts do not match. As almost 99.0% of our revenue are generated in Malaysia, majority of our sales are denominated in RM.

Our purchases are mainly denominated in the following currencies, as tabulated below:

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
RMB	12,844	82.7	14,134	74.8	19,346	85.2	15,528	91.8
USD	316	2.0	455	2.4	940	4.1	1,173	6.9
RM	2,379	15.3	4,314	22.8	2,430	10.7	224	1.3
Total	**15,539**	**100.0**	**18,903**	**100.0**	**22,716**	**100.0**	**16,925**	**100.0**

Any appreciation or depreciation of the RMB/USD against RM will affect our GP and GP margin. We use internally generated cash and bankers' acceptances for payment of purchases. As at LPD, we do not have foreign currency borrowings nor have we entered into any foreign currency exchange contracts to hedge our foreign currency exposure. We only purchase the required amount of foreign currency as and when we settle the import bills which are due. Our realised gain/loss on foreign exchanges for the Period Under Review has been below RM2,000 per year/period.

Realised gain/(loss) on foreign exchange represent the difference in the foreign exchange rate as at the date of our invoice as compared to the foreign exchange rate when the payments receipt/against the respective sales/purchase invoices.

If the foreign exchange rate as at the date of our invoice is higher as compared to the rate when the payment for the invoice is received, we will record a realised loss on foreign exchange. Conversely, if the foreign exchange rate as at the date of our invoice is lower as compared to the rate when the payment for the invoice is received, we will record a realised gain on foreign exchange.

We are generally able to quote our selling prices based on our products' purchase price, and hence we are able to pass on some of the product costs increase to our customers. Notwithstanding the above, there is no assurance that any fluctuation in foreign exchange rates would not have an impact on our financial performance. In the event that we are unable to pass the increase in product costs to our customers, we may have to bear the increasing costs, and this may have a material impact on our financial performance for the year.

(ii) Impact of interest rates

Our exposure to changes in interest rate risk relates primarily to our borrowings from banks. We do not generally hedge interest rate risks.

Interest coverage ratio measures the number of times a company can make its interest payments with its EBIT. The interest coverage ratio for the Period Under Review are as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
EBIT	4,422	5,897	7,464	5,650
Finance costs	210	356	614	549
Interest coverage ratio (times)[(1)]	21.1	16.6	12.2	10.3

Note:

(1) Computed based on EBIT over finance costs for the financial years/period.

Our interest coverage ratio of between 10.3 times to 21.1 times for FYE 2021 to 2023 and FPE 2024, indicates that our Group has been able to generate sufficient EBIT to meet our interest servicing obligations.

(iii) Impact of commodity prices

As the cost of our products are not directly dependent on commodity prices, we were not affected by fluctuations in commodity prices during the Period Under Review.

(iv) Impact of inflation

Our Group's financial performance during the Period Under Review was not significantly affected by the impact of inflation. There is no assurance that our business will not be adversely affected by the impact of inflation in the future.

(v) Impact of government, economic, fiscal or monetary policies

There were no government, economic, fiscal or monetary policies or factors which have materially affected our financial performance during the Period Under Review.

Any adverse changes in the political, social, economic, and regulatory conditions in Malaysia could have a negative impact on our business operations and financial performance. We are also susceptible to the risk of local epidemics or pandemics where we may face business interruptions, including, among others, temporary suspension of our business operations.

Changes in the political, social, economic, fiscal and regulatory conditions could arise from, among others, changes in political leadership, risks of war or civil unrest, changes in import tariffs and related duties, and conditions governing licensing, registrations and permits to conduct business. Similarly, any local, regional or global economic downturn would also affect overall business conditions, consumer confidence, as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, economic, fiscal and regulatory developments or outbreak of diseases which are beyond our control will not materially affect our business operations and financial performance.

11.2.5 Review of cash flow position

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net cash generated from operating activities	2,400	327	2,039	4,248
Net cash used in investing activities	(575)	(1,454)	(877)	(2,079)
Net cash (used in) / generated from financing activities	(763)	573	(1,379)	(3,790)
Net (decrease)/increase in cash and cash equivalents	1,062	(554)	(217)	(1,621)
Cash and cash equivalents at the beginning of the financial year	1,205	2,267	1,713	1,496
Cash and cash equivalents at the end of the financial year	**2,267**	**1,713**	**1,496**	**(125)**

FYE 2021

Net cash generated from operating activities

In FYE 2021, net cash generated from operating activities was RM2.40 million. We collected total of RM24.41 million from our customers and interests received. However, the above was partially offset by cash payments made of RM22.01 million, mainly for the following:

(i) RM15.51 million paid to our trade suppliers;

(ii) RM4.96 million paid for our operating expenses and staff salaries; and

(iii) Income tax paid of RM1.54 million.

Net cash used in investing activities

In FYE 2021, we recorded net cash used in investing activities of RM0.58 million which was mainly due to purchase of property, plant and equipment of RM0.56 million for our business operations. This relates mainly to renovation costs incurred for our headquarters cum warehouse in Kota Damansara as we moved there in October 2020.

Net cash used in financing activities

In FYE 2021, we recorded a net cash used in financing activities of RM0.76 million mainly due to the dividends paid of RM1.43 million, repayment of lease liabilities of RM0.38 million and finance costs paid of RM0.19 million.

The above was offset mainly by the drawdown of bank borrowings of RM1.20 million for working capital purposes.

FYE 2022

Net cash generated from operating activities

In FYE 2022, net cash generated from operating activities was RM0.33 million. We collected total of RM29.18 million from our customers and interests received. However, the above was partially offset by cash payments made of RM28.85 million, mainly for the following:

(i) RM18.83 million paid to our trade suppliers;

(ii) RM8.67 million paid for our operating expenses and staff salaries; and

(iii) Income tax paid of RM1.35 million.

Net cash used in investing activities

In FYE 2022, we recorded net cash used in investing activities of RM1.45 million which was mainly due to purchase of property, plant and equipment of RM1.39 million for our business operations. This relates mainly to renovation costs, office equipment and tools and equipment purchased for our headquarters cum warehouse in Subang and our first retail kiosk in Mid Valley Megamall.

Net cash generated from financing activities

In FYE 2022, we recorded a net cash generated from financing activities of RM0.57 million mainly due to the drawdown of bank borrowings amounting to RM3.09 million.

The above was offset mainly by dividend paid of RM1.00 million, repayment of lease liabilities of RM0.52 million, repayment of borrowings of RM0.31 million, finance costs paid of RM0.30 million and additional fixed deposits pledged to the banks for our term loan of RM0.38 million.

FYE 2023

Net cash generated from operating activities

In FYE 2023, net cash generated from operating activities was RM2.04 million. We collected RM36.53 million from our customers and interest received. However, the above was partially offset by cash payments made of RM34.49 million, mainly for the following:

(i) RM23.74 million paid to our trade suppliers;

(ii) RM9.20 million paid for our operating expenses and staff salaries; and

(iii) Income tax paid of RM1.55 million.

Net cash used in investing activities

In FYE 2023, we recorded net cash used in investing activities of RM0.88 million which was mainly due to purchase of property, plant and equipment of RM1.05 million for our business operations. This relates mainly to renovation costs and tools and equipment purchased for our retail kiosks in 1 Utama Shopping Centre and Sunway Pyramid Mall, as well as purchase of passenger cars for our Director.

Net cash used in financing activities

In FYE 2023, we recorded a net cash used in financing activities of RM1.38 million mainly due to dividends paid of RM3.20 million, repayment of lease liabilities of RM0.82 million, repayment of bank borrowings of RM0.54 million and finance costs paid of RM0.54 million.

The above was offset mainly by drawdown of bank borrowings of RM3.80 million for working capital purposes.

FPE 2024

Net cash generated from operating activities

In FPE 2024, net cash generated from operating activities was RM4.25 million. We collected total of RM32.09 million from our customers and interests received. However, the above was partially offset by cash payments made of RM27.84 million, mainly for the following:

(j) RM18.60 million paid to our trade suppliers;

(jj) RM7.89 million paid for our operating expenses and staff salaries; and

(iii) Income tax paid of RM1.35 million.

Net cash used in investing activities

In FPE 2024, we recorded net cash used in investing activities of RM2.08 million which was mainly due to purchase of property, plant and equipment for our business operations. This relates mainly to renovation costs, office equipment, furniture and fittings and tools and equipment purchased for our headquarters cum warehouse in Bukit Jelutong and our retail kiosks in Pavilion Kuala Lumpur and IOI City Mall, Putrajaya.

Net cash used in financing activities

In FPE 2024, we recorded a net cash used in financing activities of RM3.79 million mainly due to repayment of bank borrowings and lease liabilities of RM1.96 million and RM1.11 million respectively, finance costs paid of RM0.44 million and dividends paid of RM0.50 million.

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11.3 LIQUIDITY AND CAPITAL RESOURCES

11.3.1 Working capital

We have been financing our operations and working capital requirements through combination of existing cash and bank balances, cash generated from our operating activities, credit extended by our suppliers as well as various credit facilities extended to us by financial institutions. The principal use of our borrowings is for our acquisition of property, plant and equipment and working capital requirements.

The decision to utilise either internally generated funds or borrowings for our business operations depends on, amongst others, our cash and bank balances, expected cash inflow and outflow, future working capital requirements, future capital expenditure requirements and the interest rate on borrowings.

After taking into consideration the following, our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of 12 months from the date of this Prospectus:

(i) our cash and bank balances as at 30 June 2024 of RM0.45 million and our cash and cash equivalent as at LPD of RM0.33 million;

(ii) our expected future cash flows from operations;

(iii) our banking facilities (excluding finance leases) of up to a limit of RM9.09 million as at the LPD, of which RM7.91 million has been utilised; and

(iv) our pro forma NA position and gearing level as at 30 June 2024 after distribution of dividend, Acquisition, Public Issue and utilisation of proceeds of RM22.38 million and 0.23 times, respectively.

At this juncture, we do not foresee any circumstances which may materially affect our liquidity. Our Group has not encountered any major disputes with our debtors. Our finance personnel work closely with our marketing and sales staff for the collection of outstanding balances on a monthly basis. This measure has proven to be effective while allowing us to maintain cordial relationship with our customers.

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11.3.2 Borrowings

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 30 June 2024 stood at RM7.90 million (excluding lease liabilities for right-of-use assets of RM2.93 million), details of which are set out below:

	Purposes	Interest rate % per annum	Tenure	As at 30 June 2024 RM'000
Current				
Bank overdraft	For working capital purposes	8.4 to 9.7	On demand	579
Bankers' acceptances	For working capital purposes	5.2 to 9.7	up to 150 days	4,572
Term loans	For working capital purposes	4.0 to 15.0	5 to 7 years	490
Hire purchases	To finance motor vehicles	2.2 to 3.3	5 to 9 years	148
		Total current borrowings		**5,789**
Non-current				
Term loans	For working capital purposes	4.0 to 15.0	5 to 7 years	1,275
Hire purchases	To finance motor vehicles	2.2 to 3.4	5 to 9 years	833
		Total non-current borrowings		**2,108**
		Total borrowings		**7,897**

Pro forma gearing (times)	
After adjustments for distribution of dividend and Acquisition but before IPO[(1)]	0.66
After adjustments for distribution of dividend, Acquisition and IPO[(2)]	0.22

Notes:

(1) Computed based on our pro forma equity attributable to the owners of our Company of RM 11.91 million in the pro forma combined statements of financial position after adjustments for distribution of dividend and Acquisition but before IPO.

(2) Computed based on our pro forma equity attributable to the owners of our Company of RM 22.38 million in the pro forma combined statements of financial position after adjustments for distribution of dividend, Acquisition and IPO which includes the repayment of bank borrowings of RM3.00 million.

11. FINANCIAL INFORMATION *(cont'd)*

Separately, we have also recognised the following lease liabilities on the right-of-use assets, which are denominated in RM:

	Purpose	Tenure	As at 30 June 2024
			RM'000
Lease liabilities payable within 1 year	Rental of property	Initial lease of 2 to 3 years, with option to renew further 2 to 3 years	1,295
Lease liabilities payable after 1 year	Rental of property	Initial lease of 2 to 3 years, with option to renew further 2 to 3 years	1,637

Our Directors have provided personal guarantees for the above borrowings. In conjunction with our Listing, we have applied to the financiers to obtain a release and/or discharge of the personal guarantees by substituting the same with a corporate guarantee from our Company and/or other securities from our Group acceptable to the financiers. Until such release and/or discharge are obtained from the respective financiers, our Directors will continue to guarantee the banking facilities extended to our Group.

As at the date of this Prospectus, we have received all conditional approvals from the financiers to discharge the above guarantees by substituting the same with a corporate guarantee from the Company. The financiers have imposed conditions that the discharge is conditional upon the completion of the Listing and execution and perfection of a corporate guarantee by the Company.

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The maturity profile based on the undiscounted contractual repayment obligation of our total borrowings (excluding lease liabilities for right-of-use assets) as of the dates indicated is as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	1,549	2,900	6,749	5,985
One to five years	1,260	3,069	2,809	2,214
More than five years	232	653	387	261
Total contractual cash flow	**3,041**	**6,622**	**9,945**	**8,460**
Total carrying amount	**2,708**	**5,710**	**9,192**	**7,987**

Our interest-bearing borrowings (excluding lease liabilities for right-of-use assets) carry the following effective interest rates for the Period Under Review:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	% per annum			
Bankers' acceptance	4.13 to 8.90	4.06 to 8.90	4.86 to 9.65	5.24 to 9.65
Term loans	7.35 to 13.45	4.00 to 14.20	4.00 to 15.00	4.00 to 15.00
Bank overdrafts	N/A	7.17	6.95 to 9.40	8.42 to 9.70
Lease liabilities	2.35 to 3.44	2.20 to 3.44	2.20 to 3.44	2.20 to 3.34

As at LPD, we do not have any borrowings which are non-interest bearing. We have not defaulted on payments of principal sums and/or interests in respect of any borrowings throughout the Period Under Review as well as subsequent to FPE 2024 up to LPD.

As at LPD, neither our Group nor our subsidiary is in breach of any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operations or the investments by holders of our securities.

During the Period Under Review, we have not experienced any claw back or reduction in the facilities limit granted to us by our lenders.

11.3.3 Types of financial instruments used, treasury policies and objectives

As at LPD, save for our borrowings as disclosed in Section 11.3.2 of this Prospectus, we do not have nor utilise any other financial instruments or have any other treasury policies. We finance our operations mainly through cash generated from our operations, credit extended by our suppliers and external sources of fund which mainly comprise borrowings. The principal usages of these bank borrowings are for working capital or purchase of property, plant and equipment.

As at 30 June 2024, save for our hire purchase and certain term loans which are based on fixed rates, all our other facilities with licensed financial institutions are based on cost of funds or base lending rate plus or minus a rate which varies depending on the type of facility.

11.3.4 Material capital commitments, litigation and contingent liabilities

(i) Material capital commitments for capital expenditure

Save as disclosed in Section 4.9.1(a) of this Prospectus, our Group does not have any material capital commitment as at LPD. We expect to finance these capital expenditures through the IPO proceeds and/or internally generated funds.

(ii) Material litigations and contingent liabilities

We are not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to any proceeding which might materially or adversely affect our position or business as at LPD.

As at LPD, our Directors confirm that there are no material contingent liabilities incurred by our Group, which upon becoming enforceable may have a material effect on our Group's business, financial results or position.

11.4 KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios of our Group based on the combined financial statements of our Group for the Period Under Review:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
Trade receivables turnover period (days)[(1)]	77	84	108	92
Trade payables turnover period (days)[(2)]	62	72	59	124
Inventory turnover period (days)[(3)]	39	59	74	96
Current ratio (times)[(4)]	2.3	3.2	1.7	2.0
Gearing ratio (times)[(5)]	0.7	0.8	1.0	0.6

Notes:

(1) Computed based on the average trade receivables as at year/period end over credit sales for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.

(2) Computed based on the average trade payables as at year/period end over credit purchases for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.

(3) Computed based on the average inventory as at year/period end over total purchases for the respective years/period, multiplied by 365/366 days for each financial year or 274 days for the financial period.

(4) Computed based on current assets over current liabilities as at the end of each financial year/period.

(5) Computed based on total borrowings (excluding lease liabilities for rights-of-use assets) over total equity as at the end of each financial year/period.

11.4.1 Trade receivables turnover

Our average trade receivables turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Opening trade receivables	1,242	736	4,946	6,606
Closing trade receivables	736	4,946	6,606	8,268
Average trade receivables	989	2,841	5,776	7,437
Credit sales[(1)]	4,719	12,357	19,609	22,288
Average trade receivable turnover period (days)	77	84	108	92

Note:

(1) Revenue comprise of:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash sales	18,072	21,613	21,246	14,487
Credit sales	4,719	12,357	19,609	22,288
Total revenue	**22,791**	**33,970**	**40,855**	**36,775**

The normal credit period offered by our Group in respect of our trade receivables is between 30 to 90 days from the date of invoice on a case-by-case basis by taking into consideration various factors such as our business relationship with our customers and credit history of the customers while new customers are subject to our credit verification and assessment process. Other credit terms can sometimes be negotiated (such as for new customers or large orders) upon the request of our customer. Such terms would be assessed and approved on a case-by-case basis. All of our outstanding trade receivables are closely monitored by our finance department.

Our Group established policies on credit control involving credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history, and regular review of customers' outstanding balances and payment trends. Despite the increasing credit sales over the Period Under Review, our Group considers the risk of material loss in the event of non-performance by the customers to be unlikely as we have established the credit control policies as stated above and we have not encountered such event since incorporation. In addition, our cash sales represent 39.4% to 79.3% of our total revenue for the Period Under Review. Furthermore, based on the ageing analysis set out below, subsequent to 30 June 2024 and up to LPD, we have collected RM7.78 million, representing 94.1% of the total trade receivables as at 30 June 2024, which indicates high collections from our credit customers.

Our trade receivables turnover period for the Period Under Review were between 77 days to 108 days. Our trade receivables turnover days increased from 77 days in FYE 2021 to 84 days in FYE 2022 and further to 108 days in FYE 2023 mainly due to the increase in the number of our credit customers from 20.7% of sales for FYE 2021 to 48.0% of sales for FYE 2023.

The increase in trade receivables turnover period in FYE 2023 was mainly due to the outstanding trade receivables exceeding 90 days as at 30 September 2023 from two of our distributors and resellers, who are our major customers amounting to RM1.08 million. Our Group are of the view that the said amount is collectible considering the follow-up and reminders to said distributors and resellers. Nonetheless, as at LPD, these outstanding receivables had been collected. Our trade receivables turnover period improved to 92 days in FPE 2024 as our sales and marketing personnel had put in more efforts in following up with our customers when payments become due.

The ageing analysis of our trade receivables (net of impairment losses) as at 30 June 2024 is as follows:

	Within normal credit period	**Exceeding credit period (days past due)**			
	0 – 90 days	**1 – 30 days**	**31 – 90 days**	**> 90 days**	**Total**
Trade receivables (RM'000)	7,256	240	85	687	**8,268**
Percentage of total trade receivables (%)	87.8	2.9	1.0	8.3	**100.0**
Subsequent collections up to the LPD (RM'000)	7,198	172	19	390	**7,779**
Trade receivables net of subsequent collections (RM'000)	58	68	66	297	**489**
Percentage of total trade receivables net of subsequent collections (%)	11.9	13.9	13.5	60.7	**100.0**

Note:

(1) The trade receivables is net of impairment losses as there are expected credit losses provided for amount outstanding more than 90 days.

As at 30 June 2024, our Group's trade receivables amount to approximately RM8.27 million, of which RM1.01 million or 12.2% of our trade receivables exceeded the normal credit period. Subsequent to 30 June 2024 and up to LPD, we have collected RM7.78 million, representing 94.1% of the total trade receivables as at 30 June 2024.

Our Group has not encountered any major disputes with our trade receivables. With respect to overdue debts, we have generally been able to collect payment eventually as evident by our subsequent collections after 30 June 2024. Our Group has put in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and ongoing basis. Our Group will assess the collectability of trade receivables on an individual customer basis and impairment will be made for those customers where recoverability is uncertain based on our past dealings with customers. Where receivables have been written off, we will continue to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss. For the Period Under Review up to the LPD, our Group has not encountered such incident.

11.4.2 Trade payables turnover

Our average trade payables turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening trade payables	34	215	116	43
Closing trade payables	215	116	43	504
Average trade payables	125	166	80	274
Credit purchases[(1)]	734	849	496	608
Average trade payable turnover period (days)	62	72	59	124

Note:

(1) Purchases comprise of:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash purchases	14,805	18,054	22,220	16,317
Credit purchases	734	849	496	608
Total purchases	**15,539**	**18,903**	**22,716**	**16,925**

The ageing analysis of our trade payables as at 30 June 2024 is as follows:

	Within normal credit period	**Exceeding credit period (days past due)**			
	0 – 60 days	**1 – 30 days**	**31 – 90 days**	**> 90 days**	**Total**
Trade payables (RM'000)	504	-	-	-	**504**
Percentage of total trade payables (%)	100.0	-	-	-	**100.0**
Subsequent payments up to the LPD (RM'000)	504	-	-	-	**504**
Trade payables net of subsequent payments (RM'000)	-	-	-	-	**-**
Percentage of total trade payables net of subsequent payments (%)	-	-	-	-	**-**

The normal credit terms granted by our suppliers (which are mainly our personal care products supplier and logistic services providers) are generally between 30 to 60 days.

Our average trade payables turnover period for FYE 2021 to FYE 2023 and FPE 2024 were 62 days, 72 days, 59 days and 124 days, respectively. The trade payables turnover period was higher in FYE 2022 mainly due to the higher average trade payables of RM0.17 million for FYE 2022. The higher average trade payables was due to higher closing trade payables balances as at 30 September 2021 and 2022 as compared to the closing trade payables balances as at 30 September 2023. The higher trade payables balances as at 30 September 2021 and 2022 was due to purchases made towards end of FYE 2021 and 2022 in the month of August and

September 2021 and 2022, which was still not due for payment as at 30 September of the respective years.

The trade payables turnover period was higher in FPE 2024 mainly due to the higher average trade payables of RM0.27 million for FPE 2024. The higher average trade payables was due to higher closing trade payables balances as at 30 June 2024. The higher trade payables balances as at 30 June 2024 was due to purchases made in June 2024 amounted to approximately RM0.40 million, which was still not due for payment as at 30 June 2024.

As at LPD, we have fully paid our trade payables as at 30 June 2024.

11.4.3 Inventories turnover

Our average inventory turnover (days) for the Period Under Review is as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Opening inventory	315	2,938	3,134	6,048
Closing inventory	2,938	3,134	6,048	5,772
Average inventory	1,627	3,036	4,591	5,910
Purchases	15,539	18,903	22,716	16,925
Average inventory turnover period (days)	39	59	74	96

Our inventories mainly comprise of our products.

In general, our orders from our suppliers would take 2 to 3 months from the date of purchase order is received to be processed. We maintain a certain level of inventory of about 2 to 3 months as part of our inventory management to ensure stock availability to satisfy our customers' orders. Our inventory turnover days vary from year to year according to our sales orders.

Our average inventory turnover period from FYE 2021 to FYE 2023 and FPE 2024 were 39 days, 59 days, 74 days and 96 days respectively. Our inventory turnover period increased in FYE 2022 and FPE 2024 as we increased our inventories level to cater for our own retail kiosks and to service the increased number of retailers from 682 for FYE 2021 to 992 for FYE 2022, to 1,458 for FYE 2023 and to 1,961 for FPE 2024. Further, as we launched more new products in FYE 2023 and FPE 2024 such as the Natural Scented Candles series, Marvel Car Vent Perfume and Refill series, 2-in-1 Bathroom Air Freshener series, Reed Diffuser and laundry care products, our inventories level also increased to ensure that we have sufficient inventories for our customers.

We conduct a monthly internal meeting to review our inventory level and inventory ageing. Approval is required from authorised personnel at management level for replenishment of inventories and impairment on slow moving inventories.

The ageing analysis of our inventories as at 30 June 2024 is set out below:

	Within 12 months	Above 12 months	Total
	RM'000	RM'000	RM'000
Car fragrance	3,105	16	3,121
Indoor fragrance	1,144	848	1,992
Personal and household care products	604	40	644
Accessories and others	11	4	15
	4,864	**908**	**5,772**

We perform annual review on our inventories to assess the impairment of slow moving inventories. Our policy is to provide full provision for inventories aged more than 5 years as the shelf life of our products are 5 years. For the Period Under Review, there was no allowance for slow moving inventories and no inventories were written off.

11.4.4 Current ratio

	As at 30 September			As at 30 June
	FYE 2021	FYE 2022	FYE 2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	6,916	11,280	16,837	17,366
Current liabilities	2,995	3,559	9,658	8,824
Net current assets	**3,921**	**7,721**	**7,179**	**8,542**
Current ratio (times)[(1)]	2.3	3.2	1.7	2.0

Note:

(1) Computed based on current assets over current liabilities.

Our current ratio remains healthy throughout the Period Under Review and ranged from 1.7 to 3.2 times. This indicates that our Group is capable to continuously meet our current obligations as our current assets (which can be readily converted to cash, together with our cash in the bank) are enough to meet immediate current liabilities.

Our current ratio increased from 2.3 times as at 30 September 2021 to 3.2 times as at 30 September 2022 mainly due to higher trade receivables as a result of the increased in revenue for FYE 2022.

Our current ratio decreased from 3.2 times in FYE 2022 to 1.7 times in FYE 2023 mainly due to increase in current liabilities resulting from increase in bank borrowings, lease liabilities and accruals. Subsequently, our current ratio increased to 2.0 times in FPE 2024 mainly due to decreased in current liabilities resulting from decrease in bank borrowings.

11.4.5 Gearing ratio

Our gearing ratio throughout the Period Under Review is as follows:

	Audited			
	FYE 2021	**FYE 2022**	**FYE 2023**	**FPE 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowings(1)	2,708	5,710	9,192	7,897
Total equity	3,978	7,253	9,148	12,305
Gearing ratio (times)	0.7	0.8	1.0	0.6

Note:

(1) Computed based on interest-bearing borrowings, excluding lease liabilities for rights-of-use assets (which is not interest-bearing borrowing) of RM0.32 million, RM1.27 million, RM4.22 million and RM2.93 million as at 30 September 2021, 2022 and 2023 and 30 June 2024 respectively.

Our gearing ratio ranged from 0.6 times to 1.0 times during the Period Under Review. Our Group's gearing ratio increased from 0.7 times as at 30 September 2021 to 0.8 times as at 30 September 2022 mainly due to the additional term loans drawndown for working capital purposes in FYE 2022.

Our Group's gearing ratio increased from 0.8 times as at 30 September 2022 to 1.0 times as at 30 September 2023 mainly due to higher outstanding bankers' acceptances as at 30 September 2023 as a result of increased purchases to support our revenue growth. Our Group's gearing ratio decreased to 0.6 times as at 30 June 2024 mainly due to increase in retained earnings resulting from the profit earned during the period and lower outstanding borrowings as at 30 June 2024, as a result of repayment made during the period.

11.5 TREND INFORMATION

Based on our track record for the Period Under Review, including our segmental analysis of revenue and profitability, the following trends may continue to affect our business:

(a) during the Period Under Review, the car fragrance segment has been the main revenue contributor for our business. We expect that this segment will continue contributing significantly to our revenue in the future;

(b) during the Period Under Review, our revenue was mainly derived from local sales. We expect this trend to continue in the future;

(c) The main components of our cost of sales are the product costs. Moving forward, our cost of sales is expected to fluctuate in tandem with our revenue levels. Our cost of sales is dependent on amongst others, the price fluctuation of our products; and

(d) we achieved a GP margin of 43.3%, 44.9%, 46.7% and 49.5% for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. We expect to maintain our GP margin within the same range in the future. This would depend on, amongst others, our continued ability to manage our costs efficiently.

As at LPD, our Board confirms that our operations have not been and are not expected to be affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations, other than those discussed in Sections 6.5, 8 and 11.2 of this Prospectus;

(b) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not necessarily indicative of the future financial performance and position other than those discussed in Sections 8 and 11.2 of this Prospectus;

(c) known trends, demands, commitments, events or uncertainties that have resulted in a substantial increase in our Group's revenue save for those that had been discussed in Sections 11.2 of this Prospectus, business and industry overview in Sections 6.5 and 7 of this Prospectus;

(d) material commitments for capital expenditure as set out in Section 11.3.5 of this Prospectus; and

(e) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group save as discussed in Sections 8 and 11.2 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given the positive outlook of the air fragrance industry as set out in Section 7 of this Prospectus, our Group's competitive strengths as set out in Section 6.5.8 of this Prospectus and our business strategies and prospects as set out in Section 6.6 of this Prospectus.

11.6 ORDER BOOK

Due to the nature of our business, we do not maintain an order book as our sales are based on confirmed purchase orders from our customers. We generate our revenue as and when we deliver our products based on purchase orders received.

11.7 DIVIDENDS

As our Company is an investment holding company, our ability to declare and pay dividends or make other distributions to our shareholders are dependent upon the dividends we receive from our subsidiary, present or future. Our subsidiary will require their financiers' consent as set out in the respective facility agreements to pay dividends to our Company. Save for compliance with the solvency requirement under the Act, which is applicable to all Malaysian companies, there are no legal, financial, or economic restrictions on the ability of our existing subsidiary to transfer funds in the form of cash dividends, loans or advances to us.

Our Group presently does not have any formal dividend policy. The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of our Board. It is our intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including our Group's financial performance, capital expenditure requirements, general financial condition and any other factors considered relevant by our Board. Dividend payments, capital gains and profits from dealing in our Shares will not be subject to Malaysian taxation (not applicable to entities, including companies with trading of shares as their principal activity). No withholding tax is imposed on the above transactions.

During the Period Under Review and up to LPD, we have declared and paid the following dividend:

	FYE 2021	**FYE 2022**	**FYE 2023**	**Up to LPD**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividends declared	1,430	2,700	1,500	900
Dividends paid	1,430	1,000	3,200	900

All dividends were paid using internally generated funds. As at LPD and prior to our Listing, we declared and paid dividends amounting to RM0.90 million for the FYE 2024 which was funded via our internally generated funds.

Our Group confirms that save as disclosed above, there will be no further dividends to be declared/paid up to the completion of our Listing. Our Board does not foresee that dividends paid during the Period Under Review would affect the execution and implementation of our future plans or business strategies moving forward. Together with the proceeds raised from the Public Issue, we believe we have sufficient cash from operations and bank borrowings to fund our operations and expansion plans.

11.8 SIGNIFICANT CHANGES

There are no significant changes have occurred since FPE 2024, being our most recent financial statements, which may have a material effect on the financial position and results of our Group.

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11.9 CAPITALISATION AND INDEBTEDNESS

The table below summarises our capitalisation and indebtedness as at 30 September 2024 and after adjusting for the effects of the Acquisition, Public Issue and utilisation of proceeds.

		I	II	III
	Unaudited as at 30 September 2024	**After Acquisition**	**After I and Public Issue**	**After II and utilisation of proceeds**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Indebtedness				
Current				
Secured				
Loans and borrowings	5,560	5,560	5,560	2,560
Lease liabilities(1)	150	150	150	150
Non-current				
Secured				
Loans and borrowings	1,155	1,155	1,155	1,155
Lease liabilities(1)	795	795	795	795
Total indebtedness	**7,660**	**7,660**	**7,660**	**4,660**
Capitalisation				
Share capital	-	9,148	23,151	22,450
Invested equity	500	-	-	-
Total capitalisation	**500**	**9,148**	**23,151**	**22,450**
Total capitalisation and indebtedness	**8,160**	**16,808**	**30,811**	**27,110**
Gearing ratio (times)(2)	15.32	0.84	0.33	0.21

Notes:

(1) Excluding lease liabilities for right-of-use assets as the right-of-use asset is not an interest-bearing borrowing.

(2) Calculated based on the total indebtedness divided by total capitalisation.

ECOVIS®

VANZO HOLDINGS BERHAD
(Incorporated in Malaysia)
202301051922 (1545836-M)

ACCOUNTANTS' REPORT ON COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIODS ENDED 30 JUNE 2024 AND 30 JUNE 2023 AND FINANCIAL YEARS ENDED 30 SEPTEMBER 2023, 30 SEPTEMBER 2022 AND 30 SEPTEMBER 2021

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants

8 November 2024

The Board of Directors
Vanzo Holdings Berhad
No. 12, Jalan Tiang U8/92
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE COMBINED FINANCIAL STATEMENTS CONTAINED IN THE ACCOUNTANTS' REPORT OF VANZO HOLDINGS BERHAD

Opinion

We have audited the accompanying combined financial statements of **Vanzo Holdings Berhad** (the "Company") and its combining entities, namely Vanzo Asia Sdn. Bhd., (collectively the "Group"), which comprises the combined statements of financial position as at 30 June 2024, 30 September 2023, 30 September 2022 and 30 September 2021, the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flow for financial period ended ("FPE") 30 June 2024 and for each of the financial years ended ("FYE") 30 September 2023, 30 September 2022 and 30 September 2021, including material accounting policy information and other explanatory notes as set out on page 6 to 92.

This historical combined financial statements of the Group have been prepared solely for inclusion in the prospectus of the Company (the "Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

In our opinion, the accompanying combined financial statements of the Group give a true and fair view of the financial positions of the Group as at 30 June 2024, 30 September 2023, 30 September 2022 and 30 September 2021, and of their financial performance and cash flows for FPE 30 June 2024 and for each of the FYE 30 September 2023, 30 September 2022 and 30 September 2021 in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines and for no other purpose.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing (ISAs). 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.

ECOVIS MALAYSIA PLT 201404001750 (LLP0003185-LCA) & AF 001825 Chartered Accountants, D-10-03, Level 10, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No.357, Jalan Kelang Lama, 58000 Kuala Lumpur.**Phone:** +60(3) 7986 0066 **E-Mail:** kuala-lumpur@ecovis.com.my

Basis for Opinion (cont'd)

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.

Directors' Responsibilities for the Combined Financial Statements

The Directors of the Company ("Directors") are responsible for the preparation of combined financial statements of the Group 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 of the Group 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or has 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 is free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 basis of these combined financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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 ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (cont'd)

(d) 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 of 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 auditors' report to the related disclosures in the combined financial statements of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(e) 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 represents the underlying transactions and events in a manner that achieves fair presentation.

(f) 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.

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 Reporting Responsibility

The comparative information in respect of the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows and related notes to the combined financial statements for the FPE 30 June 2023 ("FPE 2023") has not been audited.

In accordance with paragraph 10.05 of Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines as issued by the Securities Commission Malaysia, we report that the significant and subsequent events identified by the Group since 30 June 2024, the reporting date of the most recent audited combined financial statements to the date of this report, are as disclosed on Note 32 to this report.

Restriction on Distribution and Use

This report is made solely to the Company for inclusion in the Prospectus in relation to the initial public offering and listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

ECOVIS MALAYSIA PLT
AF 001825
Chartered Accountants

CHUA KAH CHUN
02696/09/2025 J
Chartered Accountant

Kuala Lumpur
8 November 2024

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT

COMBINED STATEMENTS OF FINANCIAL POSITION

		Audited			
		As at 30 June	As at 30 September		
		2024	2023	2022	2021
	Note	RM	RM	RM	RM
Assets					
Non-current assets					
Property, plant and equipment	7	7,382,897	7,233,391	3,290,988	1,227,200
Intangible assets	8	86,413	95,413	100,996	103,602
Other investment	9	95,196	95,196	95,196	-
Deferred tax assets	10	22,525	12,828	4,864	1,863
Total non-current assets		7,587,031	7,436,828	3,492,044	1,332,665
Current assets					
Inventories	11	5,772,507	6,047,972	3,134,264	2,937,608
Trade receivables	12	8,267,847	6,606,111	4,946,115	735,573
Other receivables, deposits and prepayments	13	2,556,785	2,157,222	1,045,333	915,451
Fixed deposits with licensed banks		314,886	529,674	441,110	360,000
Cash and bank balances		453,969	1,495,588	1,713,020	1,966,954
Total current assets		17,365,994	16,836,567	11,279,842	6,915,586
Total assets		24,953,025	24,273,395	14,771,886	8,248,251

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Audited			
		As at 30 June	As at 30 September		
		2024	2023	2022	2021
	Note	RM	RM	RM	RM
Equity and liabilities					
Equity					
Invested equity	14	500,010	500,000	500,000	300,000
Retained earnings	15	11,805,781	8,648,302	6,752,619	3,677,826
Total equity		12,305,791	9,148,302	7,252,619	3,977,826
Non-current liabilities					
Bank borrowings	16	1,274,692	1,920,403	2,486,909	878,715
Lease liabilities	17	2,469,685	3,502,174	1,465,983	389,806
Deferred tax liabilities	10	79,000	45,000	7,183	7,183
Total non-current liabilities		3,823,377	5,467,577	3,960,075	1,275,704
Current liabilities					
Trade payables	18	504,457	42,916	116,100	214,700
Other payables, accruals and deposits received	19	769,544	1,246,785	216,826	746,561
Bank borrowings	16	5,641,125	6,377,154	2,547,031	1,375,085
Lease liabilities	17	1,443,057	1,608,454	477,727	383,533
Current tax liabilities		465,674	382,207	201,508	274,842
Total current liabilities		8,823,857	9,657,516	3,559,192	2,994,721
Total liabilities		12,647,234	15,125,093	7,519,267	4,270,425
Total equity and liabilities		24,953,025	24,273,395	14,771,886	8,248,251

The accompanying notes form an integral part of these combined financial statements.

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		Audited	Unaudited	Audited		
		For the FPE 30 June *		For the FYE 30 September		
		2024	2023	2023	2022	2021
	Note	RM	RM	RM	RM	RM
Revenue	20	36,775,278	28,878,270	40,854,920	33,969,562	22,790,559
Cost of sales		(18,555,951)	(15,463,715)	(21,785,047)	(18,707,186)	(12,920,935)
Gross profit		18,219,327	13,414,555	19,069,873	15,262,376	9,869,624
Other income		58,591	122,352	124,493	118,167	1,151,925
Administrative expenses		(4,849,682)	(2,885,698)	(3,943,841)	(3,186,269)	(2,144,089)
Selling and distribution expenses		(7,394,743)	(5,727,345)	(7,698,603)	(6,203,367)	(4,390,881)
Other operating expenses		(368,789)	(59,306)	(78,481)	(90,352)	(62,661)
Profit from operations		5,664,704	4,864,558	7,473,441	5,900,555	4,423,918
Finance costs	21	(548,786)	(448,190)	(613,945)	(355,429)	(209,497)
Profit before tax	22	5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Tax expenses	23	(1,458,439)	(1,145,444)	(1,763,813)	(1,270,333)	(1,176,311)
Profit/Total comprehensive income for the financial period/year		3,657,479	3,270,924	5,095,683	4,274,793	3,038,110

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

		Audited	Unaudited		Audited	
		For the FPE 30 June *			For the FYE 30 September	
		2024	2023	2023	2022	2021
	Note	RM	RM	RM	RM	RM
Profit/Total comprehensive income attributable to:						
- Owners of the Groups		3,657,479	3,270,924	5,095,683	4,274,793	3,038,110
- Non-controlling interests		-	-	-	-	-
		3,657,479	3,270,924	5,095,683	4,274,793	3,038,110
EPS attributable to owners of the Group						
- Basic and diluted	24	7.31	6.54	10.19	8.55	10.13

** For the nine (9)-month financial period ended 30 June*

The accompanying notes form an integral part of these combined financial statements.

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY

		← Attributable to owners of the Group		→
		Non-distributable	**Distributable**	
	Note	**Invested equity RM**	**Retained earnings RM**	**Total equity RM**
Audited				
At 1 October 2020		200,000	2,069,716	2,269,716
Issuance of shares	14	100,000	-	100,000
Net profit/Total comprehensive income for the financial year		-	3,038,110	3,038,110
Dividend paid	25	-	(1,430,000)	(1,430,000)
At 30 September 2021/ 1 October 2021		300,000	3,677,826	3,977,826
Bonus issue	14	200,000	(200,000)	-
Net profit/Total comprehensive income for the financial year		-	4,274,793	4,274,793
Dividend paid	25	-	(1,000,000)	(1,000,000)
At 30 September 2022/ 1 October 2022		500,000	6,752,619	7,252,619
Net profit/Total comprehensive income for the financial year		-	5,095,683	5,095,683
Dividend paid	25	-	(3,200,000)	(3,200,000)
At 30 September 2023/ 1 October 2023		500,000	8,648,302	9,148,302
Issuance of shares	14	10	-	10
Net profit/Total comprehensive income for the financial period		-	3,657,479	3,657,479
Dividend paid	25	-	(500,000)	(500,000)
At 30 June 2024		500,010	11,805,781	12,305,791

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
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ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

		← Attributable to owners of the Group →		
		Non-distributable	**Distributable**	
	Note	**Invested equity RM**	**Retained earnings RM**	**Total equity RM**
Unaudited				
At 1 October 2022		500,000	6,752,619	7,252,619
Net profit/Total comprehensive income for the financial period		-	3,270,924	3,270,924
Dividend paid	25	-	(1,700,000)	(1,700,000)
At 30 June 2023		500,000	8,323,543	8,823,543

The accompanying notes form an integral part of these combined financial statements.

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS

		Audited	Unaudited		Audited	
		For the FPE 30 June		For the FYE 30 September		
		2024	2023	2023	2022	2021
	Note	RM	RM	RM	RM	RM
Cash flows from operating activities						
Profit before tax		5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Adjustments for:						
Amortisation of intangible assets		9,000	6,000	8,233	7,641	9,439
Depreciation of property, plant and equipment		368,013	296,832	283,338	416,027	277,732
Depreciation of right-of-use assets		1,084,312	381,521	671,303	499,348	397,561
Finance costs		548,786	448,190	613,945	355,429	209,497
(Gain)/Loss on lease modification		(39,949)	-	-	18,253	-
Net impairment on financial assets		54,288	58,000	78,481	39,645	18,328
Gain on disposal of property, plant and equipment		-	(114,741)	(114,741)	(10,980)	-
Deposit forfeited		-	-	-	24,500	44,000
Loss on property, plant and equipment written off		314,501	-	-	7,954	-
Interest income		(14,382)	(7,611)	(8,804)	(3,902)	(1,805)
Operating profit before working capital changes		7,440,487	5,484,559	8,391,251	6,899,041	5,169,173
Changes in working capital:						
(Increase)/Decrease in trade and other receivables		(2,115,587)	(3,351,040)	(2,850,366)	(4,404,569)	807,399
Decrease/(Increase) in inventories		275,465	(1,824,603)	(2,913,708)	(196,656)	(2,622,291)
(Decrease)/Increase in trade and other payables		(15,700)	893,112	956,775	(628,335)	579,422
Cash flows generated from operations		5,584,665	1,202,028	3,583,952	1,669,481	3,933,703
Interest income received		14,382	7,611	8,804	3,902	1,805
Tax paid		(1,350,669)	(1,053,258)	(1,553,261)	(1,346,668)	(1,535,431)
Net cash generated from operating activities		4,248,378	156,381	2,039,495	326,715	2,400,077

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
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ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		Audited	Unaudited		Audited	
		For the FPE 30 June		For the FYE 30 September		
		2024	2023	2023	2022	2021
	Note	RM	RM	RM	RM	RM
Cash flows from investing activities						
Increase in other investment		-	-	-	(95,196)	-
Additions of intangible assets	8	-	(2,650)	(2,650)	(5,035)	(19,577)
Purchase of property, plant and equipment	(a)	(2,079,416)	(1,021,174)	(1,044,604)	(1,387,984)	(554,974)
Proceeds from disposal of property, plant and equipment		-	170,000	170,000	33,800	-
Net cash used in investing activities		(2,079,416)	(853,824)	(877,254)	(1,454,415)	(574,551)
Cash flows from financing activities						
Proceeds from issuance of shares		10	-	-	-	100,000
Decrease/(Increase) in fixed deposit pledged		214,788	(67,515)	(88,564)	(381,110)	(60,000)
Decrease in amount owing by/to a Director	(b)	-	-	-	-	47,689
Drawdown of bank borrowings	(b)	-	3,179,398	3,798,398	3,088,669	1,201,479
Repayment of bank borrowings	(b)	(1,961,492)	(396,346)	(534,781)	(308,529)	(57,027)
Repayment of lease liabilities	(b)	(1,107,568)	(613,729)	(815,271)	(520,918)	(379,280)
Finance costs paid		(436,071)	(392,222)	(539,455)	(304,346)	(186,621)
Dividend paid	25	(500,000)	(1,700,000)	(3,200,000)	(1,000,000)	(1,430,000)
Net cash (used in)/generated from financing activities		(3,790,333)	9,586	(1,379,673)	573,766	(763,760)

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

		Audited	Unaudited		Audited	
		For the FPE 30 June			For the FYE 30 September	
		2024	2023	2023	2022	2021
	Note	RM	RM	RM	RM	RM
Net (decrease)/increase in cash and cash equivalents		(1,621,371)	(687,857)	(217,432)	(553,934)	1,061,766
Cash and cash equivalents at the beginning of the financial period/year		1,495,588	1,713,020	1,713,020	2,266,954	1,205,188
Cash and cash equivalents at the end of the financial period/year	26	(125,783)	1,025,163	1,495,588	1,713,020	2,266,954

VANZO HOLDINGS BERHAD

(Incorporated in Malaysia)
Registration no. 202301051922 (1545836-M)

ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Notes: -

(a) Purchase of property, plant and equipment

The Group made the following cash payments to purchase property, plant and equipment:

	Audited	Unaudited		Audited	
	For the FPE 30 June			For the FYE 30 September	
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Purchase of property, plant and equipment	2,671,516	1,987,689	4,952,303	3,166,964	1,470,551
Amount acquired as lease liabilities	(592,100)	(966,515)	(3,907,699)	(1,778,980)	(915,577)
Cash payments	2,079,416	1,021,174	1,044,604	1,387,984	554,974

(b) Changes in liabilities arising from financing activities:

	At 1 October 2023	Drawdown	Cash flows	← Non-cash movement → Interest expenses	Lease modification	New leases	At 30 June 2024
	RM	RM	RM	RM	RM	RM	RM
Audited							
Bank borrowings	8,297,557	-	(1,961,492)	-	-	-	6,336,065
Lease liabilities	5,110,628	190,000	(1,107,568)	112,715	(795,133)	402,100	3,912,742

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ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Notes: - (cont'd)

(b) Changes in liabilities arising from financing activities: (cont'd)

				Non-cash movement			
	At 1 October 2022 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 June 2023 RM
Unaudited							
Bank borrowings	5,033,940	3,179,398	(396,346)	-	-	-	7,816,992
Lease liabilities	1,943,710	450,000	(613,729)	55,968	-	516,515	2,352,464

				Non-cash movement			
	At 1 October 2022 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2023 RM
Audited							
Bank borrowings	5,033,940	3,798,398	(534,781)	-	-	-	8,297,557
Lease liabilities	1,943,710	450,000	(815,271)	74,490	-	3,457,699	5,110,628

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ACCOUNTANTS' REPORT (CONT'D)

COMBINED STATEMENTS OF CASH FLOWS (CONT'D)

Notes: - (cont'd)

(b) Changes in liabilities arising from financing activities: (cont'd)

				←Non-cash movement→			
	At 1 October 2021 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2022 RM
Audited							
Bank borrowings	2,253,800	3,088,669	(308,529)	-	-	-	5,033,940
Lease liabilities	773,339	307,000	(520,918)	51,083	(138,774)	1,471,980	1,943,710

				←Non-cash movement→			
	At 1 October 2021 RM	Drawdown RM	Cash flows RM	Interest expenses RM	Lease modification RM	New leases RM	At 30 September 2021 RM
Audited							
Amount owing (by)/to a Director *	(47,689)	-	47,689	-	-	-	-
Bank borrowings	1,109,348	1,201,479	(57,027)	-	-	-	2,253,800
Lease liabilities	214,166	293,000	(379,280)	22,876	-	622,577	773,339

* Consist of amount owing by Director, Ng Yee Heng and amount owing to Director, Teh Twan Yen. Boths Directors had resigned as Director of Vanzo Asia since 25 August 2021 and 7 January 2021 respectively.

The accompanying notes form an integral part of these combined financial statements.

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ACCOUNTANTS' REPORT (CONT'D)

1. GENERAL INFORMATION

Vanzo Holdings Sdn Bhd. was incorporated in Malaysia under the Companies Act 2016 on 29 December 2023 as a private limited company. On 13 June 2024, Vanzo Holdings Sdn Bhd. converted into a public limited company under the name of Vanzo Holdings Berhad (the "Company").

The registered office of the Company is located at D-09-02, Level 9, EXSIM Tower, Millerz Square @ Old Klang Road, Megan Legasi, No. 357, Jalan Kelang Lama, 58000 Kuala Lumpur. The principal place of business is located at No. 12, Jalan Tiang U8/92, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The Company was incorporated to be the holding company for the restructured group pursuant to the internal restructuring exercise as disclosed in Note 2 to this report.

The combining entity is involved in the business of design, marketing and sale of air fragrance and fragrance-related products.

2. RESTRUCTURING EXERCISE

For the purpose of its Proposed Listing on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Listing"), the Company undertook a restructuring exercise via the acquisition of Vanzo Asia Sdn. Bhd. ("Vanzo Asia") (collectively known as "Group').

The Company was incorporated as a special purpose investment holding vehicle to hold the combining entities pursuant to an internal restructuring.

On 12 June 2024, Vanzo Holdings Berhad had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023.

The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share ("Acquisition of Vanzo Asia") where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip. The submission of above transaction was completed and approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

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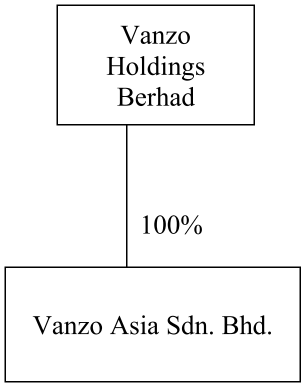
ACCOUNTANTS' REPORT (CONT'D)

2. RESTRUCTURING EXERCISE (CONT'D)

The corporate structure following completion of the Acquisitions is as follows:



Vanzo Holdings Berhad and its combining entities are collectively known as "Group" in the combined financial statements contained in this Accountants' Report.

3. AUDITED COMBINED FINANCIAL STATEMENTS

This Report comprises solely the audited financial statements of the Vanzo Asia for the Financial Year Ended ("FYE") 30 September 2021, 30 September 2022 and 30 September 2023, as the Company was only incorporated on 29 December 2023.

The audited financial statements of the Company and Vanzo Asia was included for the nine (9)-month Financial Period Ended ("FPE") 30 June 2024.

4. RELEVANT FINANCIAL YEARS

The relevant financial periods/years of the audited financial statements presented for the purpose of this report ("Relevant Financial Periods/Years") and the statutory auditors of the respective companies within the Group are as follows:

Company	Relevant Financial Periods/Years	Auditor
Vanzo Holdings Berhad	FPE 30 June 2024	Ecovis Malaysia PLT
Vanzo Asia	FYE 30 September 2021 ("FYE 2021")	Ecovis Malaysia PLT
	FYE 30 September 2022 ("FYE 2022")	Ecovis Malaysia PLT
	FYE 30 September 2023 ("FYE 2023")	Ecovis Malaysia PLT
	FPE 30 June 2024 ("FPE 2024")	Ecovis Malaysia PLT

The audited financial statements of combining entities within the Group for the Relevant Financial Periods/ Years reported above were not subject to any qualification or modification.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the financial statements from the day that control commences until the date that control ceases.

The combined financial statements of the Group for the relevant period were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative period covered by the relevant period from the days the control commences, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant years.

The combined financial statements consist of the financial statements of the Group as disclosed in page 6 to 92 of this report, which were under common control throughout the reporting periods by virtue of common controlling shareholders and Directors.

The audited combined financial statements of the Group have been prepared as if the Group has operated as a single economic entity throughout FYE 2021, FYE 2022 and FYE 2023 and FPE 2024 and have been prepared from the books and records maintained by each entity. No financial statements of Vanzo Holdings Berhad was included for all the financial years as Vanzo Holdings Berhad was only incorporated on 29 December 2023. The audited financial statements of the Vanzo Holdings Berhad and Vanzo Asia was included for the nine (9)-month Financial Period Ended ("FPE") 30 June 2024. The combined financial statements of the Group have been audited by Ecovis Malaysia PLT.

The combined financial statements are prepared under the historical cost convention except otherwise indicated in the summary of material accounting policy information.

The accounting policies set out in Note 5.3 of this report have been applied in preparing the combined financial statements for the FYE 2021, FYE 2022 and FYE 2023 and FPE 2024.

The combined financial statements are presented in RM, which is also the functional currency of the Group.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.1 MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted in the current financial period

The following are MFRS, amendments to MFRS and IC Interpretations that are effective and have been adopted by the Group:

- MFRS 17, 'Insurance Contracts' and Amendments to MFRS 17, 'Insurance Contracts'
- Amendment to MFRS 17, 'Insurance Contracts' – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Disclosure of Accounting Policies
- Amendments to MFRS 108, 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of Accounting Estimates
- Amendments to MFRS 112, 'Income Taxes' – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to MFRS 112, 'Income Taxes' – International Tax Reform – Pillar Two Model Rules

The adoption of the above MFRS, amendments to MFRS and IC Interpretations did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

5.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group:

(i) Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, 'Leases' – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101, 'Presentation of Financial Statements' – Non-current Liabilities with Covenants
- Amendments to MFRS 107, 'Statement of Cash Flows' and MFRS 7, 'Financial Instruments Disclosures' – Supplier Finance Arrangements'

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.2 MFRS, amendments to MFRS and IC Interpretations that have been issued, but yet to be adopted (cont'd)

The following are MFRS, amendments to MFRS and IC Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group: (cont'd)

(ii) Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, "The Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability

(iii) Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, 'Financial Instruments' and MFRS 7, 'Financial Instruments: Disclosures' – Amendments to the Classification and Measurement of Financial Instruments
- Annual improvements to MFRS Accounting Standards – Volume 11

(iv) Effective for annual periods beginning on or after 1 January 2027

- MFRS 18, 'Presentation and Disclosure in Financial Statements'
- MFRS 19, 'Subsidiaries without Public Accountability: Disclosures'

(v) Deferred to a date to be determined by the MASB

- Amendments to MFRS 10, 'Consolidated Financial Statements' and MFRS 128, 'Investments in Associates and Joint Ventures' – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group plans to apply the abovementioned MFRS, amendments to MFRS and IC Interpretations, where applicable to the Group, from the beginning of the financial year where they become effective.

The initial application of above MFRS, amendments to MFRS and IC Interpretations are not expected to have any material financial impacts to the financial statements of the Group.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information

(a) Basis of combination

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3")

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. A business combination involving common control entities, are outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the combined financial statements.

The Group is regarded as a continuing entity as mentioned in Note 1 of this report since the management of all the combining entities which took part were managed by the common shareholders before and immediately after the restructuring exercise in Note 2. Accordingly, the financial information have been prepared on the basis of merger accounting.

In applying merger accounting, financial statement line items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the combined financial statements of the combining entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combining entities. Therefore, the assets, liabilities and equity of the combining entities or businesses are recognised at the carrying amounts in the combined financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such combined financial statements had been prepared by the controlling party, including adjustments required for conforming to the Company's accounting policies and applying those policies to all years presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the combined financial statements of the combining entity.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the combining entity are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(a) Basis of combination (cont'd)

Common control business combination outside the scope of MFRS 3, 'Business Combinations' ("MFRS 3") (cont'd)

The combined financial statements were prepared based on the audited financial statements of combining entities which were prepared in accordance with MFRS and IFRS for the purpose of combination. The combining entities maintain their accounting records and prepare the relevant statutory financial statements in accordance with MFRS, IFRS and the requirements of the Act in Malaysia.

The Group resulting from the restructuring exercise as disclosed in Note 2, is made up by two entities under common control. Accordingly, the combined financial statements have been accounted for using the principles of merger accounting where financial statements line items of the merged entities for the reporting periods in which the common control combination occur are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

(b) Basis of consolidation

(i) Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases.

Control is achieved when the Group is exposed to, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that presently are exercisable are taken into account.

The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(i) Investment in subsidiaries (cont'd)

Investments in subsidiaries are measured in the Company's separate financial statements at cost less any impairment losses, unless the investment is held for sale (accounted for in accordance with MFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations') or distribution. The cost of investment includes transaction costs.

The policy for the recognition and measurement of impairment losses is in accordance with Note 5.3(e) to this report. On disposal, the difference between the net disposal proceeds and its carrying amount is recognised as gain or loss on disposal in profit or loss.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in administrative expenses.

For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9, 'Financial Instruments' ("MFRS 9") is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of MFRS 9, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(iii) Acquisitions of non-controlling interests

Changes in the Company's ownership interest in a combining entity that do not result in a loss of control are accounted for as equity transactions between the Group and its non-controlling interest holders. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributable to the equity holders of the Company.

(iv) Loss of control

Upon the loss of control of a combining entity, the Group derecognises the assets and liabilities of the former combining entity, any non-controlling interests and the other components of equity related to the former combining entity from the consolidated statements of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former combining entity, then such interest is measured at fair value at the date the control ceases. Subsequently it is accounted for as an equity-accounted investee or as an equity instrument at fair value through other comprehensive income ("FVTOCI") depending on the level of influence retained.

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a combining entity not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statements of financial position and statements of changes in equity, separately from equity attributable to equity holders of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statements of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Losses applicable to non-controlling interests in a combining entity are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and carrying amount of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(b) Basis of consolidation (cont'd)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

(c) Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Subsequent to initial recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of an asset begins when it is ready for its intended use. All property, plant and equipment are depreciated by allocating the depreciable amount of a significant component or of an item over the remaining useful life.

The annual depreciation rates used to write off the property, plant and equipment over their estimated useful life are as follows:

Computer and software	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicle	10% - 20%
Office equipment	10% - 50%
Renovation	10% - 50%
Signboard	10% - 20%
Tools and equipment	10% - 33%

The assets' residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(c) Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for recognition and measurement of impairment losses is in accordance with Note 5.3(e) to the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(d) Intangible assets

<u>Trademarks</u>

Trademarks are stated at cost less any accumulated impairment losses.

Trademarks with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

The estimate useful life of trademarks is 10 years.

Intangible assets with indefinite useful lives or not yet available for use are not amortised but tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash generating unit level. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(e) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset (except for inventories and tax recoverable) may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful lives or that are not available for use, the recoverable amount is estimated each period at the same time.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(e) Impairment of non-financial assets (cont'd)

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows from continuing use cash-generating units ("CGU"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. Where the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount, the asset is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in profit or loss except for assets that have been previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rated basis.

An impairment loss in respect of goodwill is not reversed. In respect of assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is credited to profit or loss in the financial year in which the reversal is recognised.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(f) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the combining entities become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, 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 financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objectives are to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

a. At FVTOCI

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

b. At FVTPL

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group does not have any financial assets measured at FVTOCI or FVTPL.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(f) Financial assets (cont'd)

(ii) Financial assets measured at fair value (cont'd)

b. At FVTPL (cont'd)

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group does not have any financial assets that are equity instruments.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group' right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is 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 settlement date, i.e. the date that the asset is delivered to or by the Group.

(g) Impairment of financial assets

The Group assesses at each financial year end whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group uses historical experience and other supportive information to assess deterioration in credit quality of a financial asset. The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group considers past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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ACCOUNTANTS' REPORT (CONT'D)

5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(g) Impairment of financial assets (cont'd)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group assesses on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions.

The Group measures the impairment loss on financial assets other than trade receivables based on the two-step approach as follow:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the allowance for impairment for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment by the Group. If, in a subsequent period the significant increase in credit risk since initial recognitions is no longer evident, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

For trade receivables and contract assets, the Group measures impairment loss based on lifetime ECL at each reporting date until the financial assets are derecognised.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(h) Financial liabilities

(i) Initial recognition and subsequent measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are measured initially at fair value plus directly attributable costs, except in the case of financial liabilities at FVTPL.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

a. Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group does not have any financial liabilities at FVTPL.

b. Other financial liabilities

The Group's other financial liabilities consist of payables and borrowings.

Payables and borrowings are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(h) Financial liabilities (cont'd)

(ii) Derecognition

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iii) Offsetting

Financial liabilities are offset and net amount presented in the statement of financial position when, only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liabilities simultaneously.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances, deposits placed with licensed banks which have an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are determined using first-in-first-out method. The cost comprises purchase price and directly attributable costs of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the report are authorised for issue, is not recognised as liability at the reporting date.

(l) Leases

- **As lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprise:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(l) Leases (cont'd)

- **As lessee (cont'd)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets or lease term whichever is earlier.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

In determining the enforceable period of the lease, the Group considers the following:

- the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and

- whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(l) Leases (cont'd)

- **As lessee (cont'd)**

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis, as follows:

Leased properties	12 months to 46 months
Motor vehicles	10% - 20%

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

- **As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(m) Revenue and other income

The Group recognises revenue from contracts with customers based on the five-step model as set out in MFRS 15, 'Revenue from Contracts with Customers':

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the combining entities expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:

(i) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract-based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability. Revenue is measured at the fair value of consideration received or receivable.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(m) Revenue and other income (cont'd)

The following describes the performance obligation with customers:

(i) Sales of goods

Revenue from sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and taxes applicable to the revenue.

The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, the Group adjusts revenue and recognises a refund liability instead. Correspondingly, costs of sales is also adjusted and a right of return asset is recognised as the right to recover the goods from the customer.

(ii) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(n) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying assets if they are directly attributable to the acquisition, construction or production of that assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period they are incurred. Borrowing costs consists of interest and other costs that the Group incurred in connection with the borrowing of funds.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(o) Employee benefits

(i) Short-term employee benefits

Wages, salaries and social security contributions and non-monetary benefits are recognised as an expense in the financial year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences sick leave, maternity and paternity leave are recognised when absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contribution to defined contribution pension schemes is recognised as an expense in the period in which the related service is performed.

(p) Taxes

(i) Current tax

Taxes payable are determined by each individual entity in the Group. A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability or asset is measured at the amount the entity expects to pay or recover using tax rates and laws that have been enacted or substantially enacted by the reporting date.

(ii) Deferred tax

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(p) Taxes (cont'd)

(ii) Deferred tax (cont'd)

The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treat these as part of initial recognition differences.

Deferred taxes are measured using tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

A current or deferred tax is recognised as income or expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity. Deferred tax assets and liabilities arising from a business combination, including tax effects of any fair value adjustment, are recognised as part of the net assets acquired.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(p) Taxes (cont'd)

(iii) Sales and Service Tax ("SST")

Revenue, expenses and assets are recognised net of SST except:

- where the SST incurred in a purchase of asset , the SST is recognised as part of cost of acquisition of asset; and

- receivables and payables that stated with SST inclusive.

The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

(q) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Group and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(r) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and 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 values are categorised into different level 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 1 level that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfer between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(s) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations not under common control, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

(t) Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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5. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

5.3 Material accounting policy information (cont'd)

(u) Earnings per share ("EPS")

The Group presents basic and diluted EPS data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the periods, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(v) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decision about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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ACCOUNTANTS' REPORT (CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements in conformity with MFRS requires management to exercise their judgement in the process of applying the Group's accounting policies and the use of accounting estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the reporting date and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. Although these judgements and estimates are based on the management's best knowledge of current events and actions, actual results may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below:

(i) Measurement of income taxes

There are certain transactions and computation for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the asset's useful lives. Management estimates the useful lives of these assets based on expected usage level and current conditions of the assets with proper maintenance schedule, therefore future depreciation charges could be revised.

(iii) Determining the lease term where the Group acts as a lessee

In determining the lease term and assessing the length of the non-cancellable period of a lease, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The Group also considers whether the lessee and lessor each has the right to terminate the lease without the permission from the other party with no more than an insignificant penalty, in determining the lease term. In determining a penalty, the Group assesses monetary and non-monetary considerations.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The determination of the lease term is a significant judgment as it will directly affect the recognition of a lease as a short-term lease or a right-of-use asset with a corresponding lease liability.

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ACCOUNTANTS' REPORT (CONT'D)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is disclosed below: (cont'd)

(iv) Leases – estimating the incremental borrowing rate

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation 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 IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

(v) Impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(vi) Classification of non-current bank borrowings

Bank facilities agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise their right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

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7. PROPERTY, PLANT AND EQUIPMENT

	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
Audited									
Cost									
At 1 October 2020	148,161	5,248	67,773	284,601	89,386	88,401	28,941	16,474	728,985
Additions	622,577	2,544	27,912	288,300	72,886	445,629	10,703	-	1,470,551
Derecognised	(148,161)	-	-	-	-	-	-	-	(148,161)
At 30 September 2021/ 1 October 2021	622,577	7,792	95,685	572,901	162,272	534,030	39,644	16,474	2,051,375
Additions	1,471,980	16,647	63,394	309,405	270,995	825,525	25,864	183,154	3,166,964
Disposals	-	-	(5,200)	-	(25,810)	(1,500)	-	-	(32,510)
Derecognised	(622,577)	-	-	-	-	-	-	-	(622,577)
Written off	-	-	(21,504)	-	-	(532,530)	(39,644)	-	(593,678)
At 30 September 2022/ 1 October 2022	1,471,980	24,439	132,375	882,306	407,457	825,525	25,864	199,628	3,969,574
Additions	3,457,699	4,876	90,400	655,688	78,447	399,760	-	265,433	4,952,303
Disposals	-	-	-	(284,601)	-	-	-	-	(284,601)
Derecognised	(24,544)	-	-	-	-	-	-	-	(24,544)
At 30 September 2023/ 1 October 2023	4,905,135	29,315	222,775	1,253,393	485,904	1,225,285	25,864	465,061	8,612,732
Additions	402,100	5,300	106,626	193,000	184,608	1,490,394	39,501	249,987	2,671,516
Reclassification	-	-	418,271	-	-	(418,271)	-	-	-
Written off	-	-	-	-	-	(405,545)	-	-	(405,545)
Derecognised	(1,447,436)	-	-	-	-	-	-	-	(1,447,436)
At 30 June 2024	3,859,799	34,615	747,672	1,446,393	670,512	1,891,863	65,365	715,048	9,431,267

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
Audited									
Accumulated depreciation									
At 1 October 2020	137,413	1,635	8,933	77,555	7,981	59,227	1,828	2,471	297,043
Charge for the year	322,036	1,092	18,234	75,525	28,801	218,568	7,742	3,295	675,293
Derecognised	(148,161)	-	-	-	-	-	-	-	(148,161)
At 30 September 2021/ 1 October 2021	311,288	2,727	27,167	153,080	36,782	277,795	9,570	5,766	824,175
Charge for the year	378,614	2,124	21,548	120,734	49,652	291,615	31,307	19,781	915,375
Disposals	-	-	(1,560)	-	(8,130)	-	-	-	(9,690)
Derecognised	(465,550)	-	-	-	-	-	-	-	(465,550)
Written off	-	-	(13,550)	-	-	(532,530)	(39,644)	-	(585,724)
At 30 September 2022/ 1 October 2022	224,352	4,851	33,605	273,814	78,304	36,880	1,233	25,547	678,586
Charge for the year	542,529	3,508	28,871	128,774	72,302	110,048	2,586	66,023	954,641
Disposals	-	-	-	(229,342)	-	-	-	-	(229,342)
Derecognised	(24,544)	-	-	-	-	-	-	-	(24,544)
At 30 September 2023/ 1 October 2023	742,337	8,359	62,476	173,246	150,606	146,928	3,819	91,570	1,379,341
Charge for the period	972,149	2,734	25,670	112,163	74,162	174,116	4,244	87,087	1,452,325
Reclassification	-	-	89,165	-	-	(89,165)	-	-	-
Written off	-	-	-	-	-	(91,044)	-	-	(91,044)
Derecognised	(692,252)	-	-	-	-	-	-	-	(692,252)
At 30 June 2024	1,022,234	11,093	177,311	285,409	224,768	140,835	8,063	178,657	2,048,370

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leased properties RM	Computer and software RM	Furniture and fittings RM	Motor vehicle RM	Office equipment RM	Renovation RM	Signboard RM	Tools and equipment RM	Total RM
Audited									
Net carrying amounts									
At 30 June 2024	2,837,565	23,522	570,361	1,160,984	445,744	1,751,028	57,302	536,391	7,382,897
At 30 September 2023	4,162,798	20,956	160,299	1,080,147	335,298	1,078,357	22,045	373,491	7,233,391
At 30 September 2022	1,247,628	19,588	98,770	608,492	329,153	788,645	24,631	174,081	3,290,988
At 30 September 2021	311,289	5,065	68,518	419,821	125,490	256,235	30,074	10,708	1,227,200

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Right-of-use assets

The carrying amount of right-of-use assets included under property, plant and equipment are as follows:

	Leased properties RM	Motor vehicle RM	Total RM
Audited			
Cost			
At 1 October 2020	148,161	284,601	432,762
Additions	622,577	288,300	910,877
Derecognised	(148,161)	-	(148,161)
At 30 September 2021/1 October 2021	622,577	572,901	1,195,478
Additions	1,471,980	309,405	1,781,385
Derecognised	(622,577)	-	(622,577)
At 30 September 2022/1 October 2022	1,471,980	882,306	2,354,286
Additions	3,457,699	655,688	4,113,387
Disposals	-	(284,601)	(284,601)
Derecognised	(24,544)	-	(24,544)
At 30 September 2023/1 October 2023	4,905,135	1,253,393	6,158,528
Additions	402,100	193,000	595,100
Derecognised	(1,447,436)	-	(1,447,436)
At 30 June 2024	3,859,799	1,446,393	5,306,192

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7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Right-of-use assets (cont'd)

The carrying amount of right-of-use assets included under property, plant and equipment are as follows: (cont'd)

	Leased properties RM	Motor vehicle RM	Total RM
Audited			
Accumulated depreciation			
At 1 October 2020	137,413	77,555	214,968
Charge for the year	322,036	75,525	397,561
Derecognised	(148,161)	-	(148,161)
At 30 September 2021/1 October 2021	311,288	153,080	464,368
Charge for the year	378,614	120,734	499,348
Derecognised	(465,550)	-	(465,550)
At 30 September 2022/1 October 2022	224,352	273,814	498,166
Charge for the year	542,529	128,774	671,303
Disposals	-	(229,342)	(229,342)
Derecognised	(24,544)	-	(24,544)
At 30 September 2023/1 October 2023	742,337	173,246	915,583
Charge for the period	972,149	112,163	1,084,312
Derecognised	(692,252)	-	(692,252)
At 30 June 2024	1,022,234	285,409	1,307,643
Net carrying amounts			
At 30 June 2024	2,837,565	1,160,984	3,998,549
At 30 September 2023	4,162,798	1,080,147	5,242,945
At 30 September 2022	1,247,628	608,492	1,856,120
At 30 September 2021	311,289	419,821	731,110

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the statement of financial position as a right-of-use asset and lease liability.

The leased properties represent operating lease agreements entered into by the Group for the use of kiosk, factory and office. The lease is for an initial lease for 12 months to 36 months with option to renew for another 12 months to 36 months. The Group also has motor vehicle with lease term of 60 months to 108 months.

The carrying amount of the right-of-use assets of the Group are acquired under lease arrangement as disclosed in Note 17 to the financial statements.

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ACCOUNTANTS' REPORT (CONT'D)

8. INTANGIBLE ASSETS

	Trademark Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Cost				
At 1 October	120,726	118,076	113,041	93,464
Addition during the period/year	-	2,650	5,035	19,577
At 30 June/30 September	120,726	120,726	118,076	113,041
Accumulated amortisation				
At 1 October	25,313	17,080	9,439	-
Amortisation charge during the period/year	9,000	8,233	7,641	9,439
At 30 June/30 September	34,313	25,313	17,080	9,439
Net carrying amounts				
At 30 June/30 September	86,413	95,413	100,996	103,602

9. OTHER INVESTMENT

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Non-current				
Financial asset at amortised cost	95,196	95,196	95,196	-

The financial asset represents the insurance policy as a security to the bank borrowings as disclosed in Note 16 to the financial statement. The financial asset carries in effective interest rate at 2.95% (30.09.2023: 2.95%, 30.09.2022: 2.95%; 30.09.2021: Nil) per annum and to be receive after six years.

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10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax related to the same tax authority.

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Deferred tax assets	22,525	12,828	4,864	1,863
Deferred tax liabilities	(79,000)	(45,000)	(7,183)	(7,183)
	(56,475)	(32,172)	(2,319)	(5,320)

The components and movement of the group's deferred tax assets and liabilities are as follows:

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Deferred tax assets:				
Leases				
At 1 October	12,828	4,864	1,863	-
Credited to profit or loss:				
- Origination and reversal of termporary differences	9,697	7,964	3,001	1,863
At 30 June/30 September	22,525	12,828	4,864	1,863
Deferred tax liabilities:				
Property, plant and equipment				
At 1 October	45,000	7,183	7,183	7,183
Credited to profit or loss:				
- Origination and reversal of termporary differences	34,000	37,817	-	-
At 30 June/30 September	79,000	45,000	7,183	7,183

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ACCOUNTANTS' REPORT (CONT'D)

11. INVENTORIES

		Audited			
		As at 30 June	As at 30 September		
	Note	2024 RM	2023 RM	2022 RM	2021 RM
At cost:					
Finished goods		3,825,312	4,490,983	2,144,049	2,369,744
Consignment stock		1,806,795	1,424,989	990,215	567,864
Right to recover returned goods	(a)	140,400	132,000	-	-
		5,772,507	6,047,972	3,134,264	2,937,608
Recognised in profit or loss:					
Inventories recognised as cost of sales		15,273,045	17,306,264	16,781,084	11,218,085

(a) Right to recover returned goods

A right to recover goods from customer on settling the refund liability is recognised as an asset and included as part of inventories for the goods expected to be returned.

These are measured by reference to the former carrying amount of the sold inventories less any expected costs to recover those inventories and any potential decreases in the value to the Group of the returned inventories.

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ACCOUNTANTS' REPORT (CONT'D)

12. TRADE RECEIVABLES

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Trade receivables	8,474,471	6,758,447	5,019,970	769,783
Less: Accumulated impairment losses	(206,624)	(152,336)	(73,855)	(34,210)
	8,267,847	6,606,111	4,946,115	735,573

Movement in impairment of trade receivables

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
At 1 October	152,336	73,855	34,210	15,882
Impairment losses:				
- Expected credit loss	27,218	61,571	16,954	1,236
- Specific allowances	39,690	20,380	23,485	17,764
Reversal of impairment of trade receivables	(12,620)	(3,470)	(794)	(672)
At 30 June/30 September	206,624	152,336	73,855	34,210

Trade receivables are non-interest bearing and the normal credit terms granted by the Group ranges from 30 days to 90 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 90 days; 30.09.2021: 30 days to 90 days).

They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Other credit terms are assessed and approval on a case-by-case basis.

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13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Other receivables	190,929	204,944	296,129	607,133
Deposits	479,959	487,858	198,376	92,759
Prepayments	1,885,897	1,464,420	550,828	215,559
	2,556,785	2,157,222	1,045,333	915,451
Total other receivables, deposits and prepayments	2,556,785	2,157,222	1,045,333	915,451
Less: Prepayments	(1,885,897)	(1,464,420)	(550,828)	(215,559)
Total other receivables and deposits at amortised cost	670,888	692,802	494,505	699,892

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14. INVESTED EQUITY

For the purpose of this report, the total number of shares for all FPE and FYE represents the aggregate number of issued and fully paid-up share capital of all entities within the Group.

The movement in the issued and fully paid-up share capital of the Company and its combining entities are as follows:

	Audited							
	As at 30 June		As at 30 September					
	2024		2023		2022		2021	
	Number of shares	RM	Number of shares	RM	Number of shares	RM	Number of shares	RM
Issued and fully paid:								
At 1 October	500,000	500,000	500,000	500,000	300,000	300,000	200,000	200,000
Issuance of shares	100	10	-	-	-	-	100,000	100,000
Bonus issue	-	-	-	-	200,000	200,000	-	-
At 30 June/30 September	500,100	500,010	500,000	500,000	500,000	500,000	300,000	300,000
Total issued and paid-up share capital of the Group	500,100	500,010	500,000	500,000	500,000	500,000	300,000	300,000

The invested equity for the FYE 2021, 2022 and 2023 represented the ordinary shares of Vanzo Asia only as the Company was incorporated on 29 December 2023.

On 29 December 2023, Vanzo Holdings Berhad was incorporated with issued and paid-up share capital of RM10 comprising 100 ordinary shares.

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15. RETAINED EARNINGS

The combining entities' policy is to treat all gains and losses in other statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained earnings, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders.

The retained earnings of the combining entities are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences to the combining entities that would result from the payment of dividends to shareholders. The dividends would not be taxable in the hands of the shareholders.

16. BANK BORROWINGS

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Secured:				
Current:				
Bank overdraft	579,752	-	-	-
Banker acceptance I	4,571,453	5,093,547	298,000	873,000
Banker acceptance II	-	745,000	1,742,148	328,479
Term loan I	73,270	70,075	62,068	58,542
Term loan II	-	70,527	64,526	61,205
Term loan III	71,492	70,431	60,571	53,859
Term loan IV	89,891	79,043	81,917	-
Term loan V	160,000	160,000	160,000	-
Term loan VI	95,267	88,531	77,801	-
	5,641,125	6,377,154	2,547,031	1,375,085
Non-current:				
Term loan I	162,346	207,561	263,636	313,535
Term loan II	-	246,126	316,267	380,936
Term loan III	-	52,898	123,617	184,244
Term loan IV	208,767	287,095	365,023	-
Term loan V	409,993	559,993	760,000	-
Term loan VI	493,586	566,730	658,366	-
	1,274,692	1,920,403	2,486,909	878,715
Total borrowings	6,915,817	8,297,557	5,033,940	2,253,800

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16. BANK BORROWINGS (CONT'D)

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Maturities of borrowings:				
Within 1 year	5,641,125	6,377,154	2,547,031	1,375,085
More than 1 year and less than 2 years	448,111	554,834	543,917	190,792
More than 2 years and less than 5 years	821,000	1,252,340	1,558,023	575,038
More than 5 years	5,581	113,229	384,969	112,885
	6,915,817	8,297,557	5,033,940	2,253,800

The above bank borrowings which are obtained from bank institutions are secured as follow:-

Term loan I

(i) As principal instrument, a facility agreement for RM388,000;
(ii) Joint and several guarantee by one of Directors of the Vanzo Asia, Wong Liang Tzer and former Director of the Vanzo Asia, Ng Yee Heng; *
(iii) Against 70% guarantee by Government of Malaysia (GOM) under Working Capital Guarantee Scheme);
(iv) Personal Smart Shield Plus for the sum insured of RM388,000 to cover the life of the Directors or guarantor for a period of 7 years; and
(v) Personal guarantee of Tan Chin Soon for RM388,000. *

The term loan is repayable by 84 months. Term loan interest is charged at 7.35% (30.09.2023: 7.35%; 30.09.2022: 7.35%; 30.09.2021: 7.35%) and is subject to change from according to bank's Base Lending Rate ("BLR").

Term loan II

(i) As principal instrument, a facility agreement for RM500,000;
(ii) Joint and several guarantee by one of Directors of the Vanzo Asia, Wong Liang Tzer and former Director of the Vanzo Asia, Ng Yee Heng; *
(iii) Personal guarantee of Tan Chin Soon for RM388,878; and *
(iv) Against 70% guarantee by Credit Guarantee Corporation Malaysia Berhad for RM350,000.

The term loan is repayable by 84 months. Term loan interest is charged at 2.50% (30.09.2023: 2.50%; 30.09.2022: 2.50%; 30.09.2021: 2.50%) above the Base Lending Rate ("BLR") per annum.

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16. BANK BORROWINGS (CONT'D)

The above bank borrowings which are obtained from bank institutions are secured as follow:- (cont'd)

Term loan III

(i) As principal instrument, a facility agreement for RM300,000 together with profit, commission and all other bank charges duly executed and stamped;
(ii) Joint and several guarantee by former Directors of the Vanzo Asia, Ng Yee Heng and Teh Twan Yen; and #
(iii) Credit Guarantee Corporation Malaysia Berhad guarantee under Portfolio Guarantee Scheme of up to RM210,000 being 70% of the principal limit of the facility.

The term loan is repayable by 60 months. Term loan interest bear effective profit rates at 8.00% (30.09.2023: 8.00%; 30.09.2022: 8.00%; 30.09.2021: 8.00%) above the Base Financing Rate ("BFR") per annum.

Term loan IV

(i) As principal instrument, a facility agreement for RM500,000;
(ii) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and two former Directors of the Vanzo Asia, Ng Yee Heng and Lim Chee Lip; and *
(iii) Against 70% guarantee by Credit Guarantee Corporation Malaysia Berhad for RM350,000.

The term loan is repayable by 60 months. Term loan interest is charged at 5.00% (30.09.2023: 5.00%; 30.09.2022: 5.00%; 30.09.2021: Nil) above the Base Lending Rate ("BLR") per annum or flat 15% whichever is higher.

Term loan V

(i) As principal instrument, a facility agreement for RM1,000,000;
(ii) Guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon; and *
(iii) Against 70% guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM700,000. *

The term loan is repayable by 60 months. Term loan interest is charged at 4.00% (30.09.2023: 4.00%: 30.09.2022: 4.00%; 30.09.2021: Nil) per annum.

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ACCOUNTANTS' REPORT (CONT'D)

16. BANK BORROWINGS (CONT'D)

The above bank borrowings which are obtained from bank institutions are secured as follow:- (cont'd)

Term loan VI and bank overdraft

(i) As principal instrument, a facility agreement for RM1,500,000;
(ii) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and a former Director of the Vanzo Asia, Ng Yee Heng; *
(iii) Against 70% guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM1,050,000; and
(iv) Fixed deposits with licensed banks as disclosed in Note 26 to the financial statement and profits earned to be capitalised to principal.

The term loan is repayable by 84 months. Term loan interest and bank overdraft interest are charged at 3.00% (30.09.2023: 3.00%: 30.09.2022: 3.00%; 30.09.2021: Nil) above the Base Lending Rate ("BLR") per annum.

Banker acceptance I

(i) Joint and several guarantee by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and two former Directors of the Vanzo Asia, Ng Yee Heng and Lim Chee Lip; and *
(ii) Guarantee from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("SJPP") for RM800,000 under the Working Capital Guarantee Scheme-I.

Banker acceptance II

(i) Joint and several guarantee by one of the Directors of the Vanzo Asia, Wong Liang Tzer and a former Director of the Vanzo Asia, Ng Yee Heng; *
(ii) Personal guarantee of Tan Chin Soon for RM1,000,000; *
(iii) Guarantee from Syarikat Jaminan Pembiayaan Berhad under the Working Capital Guarantee Scheme-I; and
(iv) Fixed deposits with licensed banks as disclosed in Note 26 to the financial statement and profits earned to be capitalised to principal.

* The guarantee will be discharged and execution of new Corporate Guarantee by Vanzo Holdings Berhad upon successful listing on the ACE Market of Bursa Securities Malaysia Berhad.

The guarantee had been discharged on 5 March 2024.

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17. LEASE LIABILITIES

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
At 1 October	5,110,628	1,943,710	773,339	214,166
New lease liabilities in the period/year	592,100	3,907,699	1,778,980	915,577
Adjustment due to lease modification	-	-	(138,774)	-
Finance lease interest	149,187	109,500	82,777	39,143
Less: lease payments	(1,144,040)	(850,281)	(552,612)	(395,547)
Less: derecognised	(795,133)	-	-	-
At 30 June/30 September	3,912,742	5,110,628	1,943,710	773,339
Future lease payments payables:				
- Not later than one year	1,596,073	1,817,122	568,380	412,908
- More than one year to five years	2,384,070	3,460,193	1,386,756	328,200
- More than five years	255,612	269,365	211,669	115,473
Total future minimum lease payments	4,235,755	5,546,680	2,166,805	856,581
Less: Future finance charges	(323,013)	(436,052)	(223,095)	(83,242)
Present value of minimum lease payments	3,912,742	5,110,628	1,943,710	773,339
Payments due within 12 months, presented as current	(1,443,057)	(1,608,454)	(477,727)	(383,533)
Non-current portion of lease liabilities	2,469,685	3,502,174	1,465,983	389,806
Present value of lease liabilities				
- Not later than one year	1,443,057	1,608,454	477,727	383,533
- More than one year to five years	2,226,391	3,243,282	1,291,423	282,480
- More than five years	243,294	258,892	174,560	107,326
	3,912,742	5,110,628	1,943,710	773,339

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17. LEASE LIABILITIES (CONT'D)

The lease liabilities of the Group at the end of the reporting year bore effective interest rate range from 2.20% to 5.20% (30.09.2023: 2.20% to 5.80% ;30.09.2022: 2.20% to 5.80% ; 30.09.2021: 2.35% to 5.00%) per annum.

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Included in net cash from operating activities					
Payment relating to short-term leases	162,659	104,463	141,682	27,196	14,042
Payment relating to low value assets	2,800	2,799	3,744	3,270	1,620
Included in net cash from financing activities					
Payment of lease liabilities	994,853	613,729	740,781	469,835	356,404
Interest paid in relation to lease liabilities	149,187	80,346	109,500	82,777	39,143
	1,309,499	801,337	995,707	583,078	411,209

Included in an amount of RM443,848 (30.09.2023: RM300,098; 30.09.2022: RM347,601; 30.09.2021: RM78,656) of finance lease arrangement of motor vehicle is guaranteed by the Directors of the Vanzo Asia, Wong Liang Tzer and Tan Chin Soon, and a former Director of the Vanzo Asia, Ng Yee Heng.

Conditional discharge above guarantees are subject to successful listing on the ACE Market of Bursa Malaysia Securities Berhad.

18. TRADE PAYABLES

Trade payables are non-interest bearing and the Group's normal credit terms ranges from 30 days to 60 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 60 days; 30.09.2021: 30 days to 60 days).

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19. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

		Audited			
		As at 30 June	As at 30 September		
		2024	2023	2022	2021
	Note	RM	RM	RM	RM
Other payables		19,779	8,347	47,958	666,020
Deposits received		15,141	15,338	2,313	2,023
Accruals		464,624	983,100	166,555	78,518
Refund liabilities	(a)	270,000	240,000	-	-
		769,544	1,246,785	216,826	746,561

(a) Refund liabilities

Refund liabilities are the obligations to refund some or all of the consideration received from the customers and are measured at the amount the Group ultimately expects it will have to return to the customers.

20. REVENUE

The Group derives revenue from local sales as follows:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Sales of goods	36,775,278	28,878,270	40,854,920	33,969,562	22,790,559
Timing of revenue recognition:					
- At a point in time	36,775,278	28,878,270	40,854,920	33,969,562	22,790,559

(a) Performance obligation

The Group is in the business of trading of air fragrance products, indoor fragrances products, personal care products, accessories and others.

The performance obligation is satisfied upon transfer of control of the goods to the customers and payment is generally due within 30 days to 90 days (30.09.2023: 30 days to 90 days; 30.09.2022: 30 days to 90 days; 30.09.2021: 30 days to 90 days).

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20. REVENUE (CONT'D)

(b) Nature of goods

Nature of goods	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration
Air fragrance, products, indoor fragrances products, personal care products, accessories and others.	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period ranging from 30 days to 90 days based on various terms.	Trade incentives, discounts, returns and other rebates are granted to customers, subject to certain terms and conditions.

21. FINANCE COSTS

	Audited	Unaudited		Audited	
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Bank overdraft interest	26,646	14,289	14,556	1,694	82
Bankers' acceptance interest	214,441	163,104	241,464	96,309	22,950
Lease liabilities interest	149,187	80,346	109,500	82,777	39,143
Bank borrowings interest	158,512	190,451	248,425	174,649	147,322
	548,786	448,190	613,945	355,429	209,497

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22. PROFIT BEFORE TAX

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging/(crediting):					
Amortisation of intangible assets	9,000	6,000	8,233	7,641	9,439
Auditors' remuneration	51,500	42,000	56,000	48,000	37,000
Deposit forfeited	-	-	-	24,500	44,000
Depreciation of property, plant and equipment	368,013	296,832	283,338	416,027	277,732
Depreciation of right-of-use assets	1,084,312	381,521	671,303	499,348	397,561
Expense of short-term leases ^	162,659	104,463	141,682	27,196	14,042
Expense of low value assets ^	2,800	2,799	3,744	3,270	1,620
Formation cost	3,500	-	-	-	-
(Gain)/Loss on lease modification	(39,949)	-	-	18,253	-
Loss on property, plant and equipment written off	314,501	-	-	7,954	-
Net impairment on financial assets	54,288	58,000	78,481	39,645	18,328
Realised (gain)/loss on foreign exchange	(1,861)	1,306	(948)	(105)	333
Staff costs:					
- Salaries, wages, bonuses and allowance	2,201,639	1,636,603	2,209,689	1,752,023	893,550
- Defined contribution plan	291,612	224,063	304,452	239,220	126,012
- Social contribution plan	27,379	21,417	29,469	19,335	11,159
- Employment insurance system	3,119	2,447	3,367	2,213	1,276
- Other benefits	996,774	623,400	820,334	561,539	234,477

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22. PROFIT BEFORE TAX (CONT'D)

	Audited	Unaudited		Audited	
	For the FPE 30 June			For the FYE 30 September	
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit before tax is arrived at after charging/ (crediting): (cont'd)					
Gain on disposal of property, plant and equipment	-	(114,741)	(114,741)	(10,980)	-
Interest income	(14,382)	(7,611)	(8,804)	(3,902)	(1,805)
Wages subsidy	(2,400)	-	-	(58,180)	-

^ These amounts represent short-term leases and leases for low value underlying assets under MFRS 16.

23. TAX EXPENSES

	Audited	Unaudited		Audited	
	For the FPE 30 June			For the FYE 30 September	
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Income tax					
- Current year	1,421,788	1,156,792	1,746,652	1,282,622	1,178,174
- Under/(Over) provision in prior year	12,348	(12,692)	(12,692)	(9,288)	-
	1,434,136	1,144,100	1,733,960	1,273,334	1,178,174
Deferred tax (Note 10)					
Relating to originating and recognition of temporary differences	24,303	1,344	29,853	(3,001)	(1,863)
	1,458,439	1,145,444	1,763,813	1,270,333	1,176,311

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23. TAX EXPENSES (CONT'D)

A reconciliation of tax expenses 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:

	Audited	**Unaudited**	**Audited**	**Audited**	**Audited**
	For the FPE 30 June		**For the FYE 30 September**		
	2024	**2023**	**2023**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**	**RM**
Profit before tax	5,115,918	4,416,368	6,859,496	5,545,126	4,214,421
Malaysian statutory tax rate of 24%	1,227,820	1,059,928	1,646,279	1,330,830	1,011,461
Tax effect in respect of:					
Non-deductible expenses *	331,611	189,059	208,300	73,394	236,119
Under/(Over) provision of current tax expenses in prior years	12,348	(12,692)	(12,692)	(9,288)	-
Utilisation of capital allowance	(92,643)	(47,195)	(62,927)	(79,602)	(27,406)
Differential in tax rate	(45,000)	(45,000)	(45,000)	(42,000)	(42,000)
Relating to originating and recognition of temporary differences	24,303	1,344	29,853	(3,001)	(1,863)
Income tax expense for the financial period/year	1,458,439	1,145,444	1,763,813	1,270,333	1,176,311

* In financial year ended 30 September 2022, the non-deductible expenses had included special deduction for cost of renovation and refurbishment of business premise.

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24. EARNINGS PER SHARE

Basic and diluted EPS share are calculated by dividing the profit for the financial year attributable to owners of the Group by the weighted average number of ordinary shares in issue for the financial period/years.

For the purpose of this report, the number of ordinary shares for the FPE 30 June 2024 and 30 June 2024 and FYE 30 September 2023, 30 September 2022 and 30 September 2021 represents the weighted average aggregate ordinary shares issued of the Group.

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Profit for the financial period/year attributable to owners of the Group (RM)	3,657,479	3,270,924	5,095,683	4,274,793	3,038,110
Weighted average number of ordinary shares at 30 June/ 30 September (unit)	500,010	500,000	500,000	500,000	300,000
Basic and diluted EPS (RM) at 30 June/30 September	7.31	6.54	10.19	8.55	10.13

There were no dilutive potential equity instruments in issue as at each FPE and FYE that have dilutive effect to the EPS.

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25. DIVIDEND PAID

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Single-tier interim dividend of RM1.00 per ordinary shares in respect of the financial year ended 30 September 2024	500,000	-	-	-	-
Single-tier interim dividend of RM3.00 per ordinary shares in respect of the financial year ended 30 September 2023	-	-	1,500,000	-	-
Single-tier interim dividend of RM3.40 per ordinary shares in respect of the financial year ended 30 September 2022	-	1,700,000	1,700,000	-	-
Single-tier interim dividend of RM2.00 per ordinary shares in respect of the financial year ended 30 September 2022	-	-	-	1,000,000	-
Single-tier interim dividend of RM0.25 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	50,000
Single-tier interim dividend of RM0.40 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	119,025
Single-tier interim dividend of RM0.20 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	60,975
Single-tier interim dividend of RM4.00 per ordinary shares in respect of the financial year ended 30 September 2021	-	-	-	-	1,200,000
	500,000	1,700,000	3,200,000	1,000,000	1,430,000

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26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Cash in hand	12,454	21,111	19,839	18,145	10,965
Cash at bank	441,515	1,004,052	1,475,749	1,694,875	1,955,989
Fixed deposits with licensed banks	314,886	508,625	529,674	441,110	360,000
Bank overdraft	(579,752)	-	-	-	-
	189,103	1,533,788	2,025,262	2,154,130	2,326,954
Less: Fixed deposits pledged to licensed banks	(314,886)	(508,625)	(529,674)	(441,110)	(60,000)
	(125,783)	1,025,163	1,495,588	1,713,020	2,266,954

Included in fixed deposits with licensed banks is an amount of RM314,886 (30.09.2023: RM529,674; 30.09.2022: RM441,110; 30.09.2021: RM60,000) pledged to bank for bank facilities granted to the group as disclosed in Note 16 to the financial statements.

The effective interest rate for fixed deposits with licensed banks are range from 1.85% to 2.85% (30.09.2023: 1.85% to 3.05%; 30.09.2022: 1.85% to 2.85%; 30.09.2021: 1.80% to 1.85%) per annum with maturity period is 12 months (30.09.2023: 12 months; 30.09.2022: 12 months; 30.09.2021: 12 months).

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the combining entities have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or influence over the party in making financial and operating decisions, or vice versa, or where combining entities and the party are subject to common control or common significant influence. Related parties could be individual or other entities.

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27. RELATED PARTY DISCLOSURES (CONT'D)

(b) In addition to the information detailed elsewhere in this report, the combining entities had the following transactions with related parties during the reporting periods:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Purchase of material from					
- Related parties	10,322,147	9,417,696	12,932,676	9,801,064	7,033,102

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors and key management personnel of the Group during the financial years are as follows:

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Directors' remuneration:					
- Salaries and bonus	291,450	204,100	265,900	223,280	364,100
- Defined contribution plan	31,908	21,792	28,308	25,932	43,728
- Social contribution plan	1,560	1,560	2,080	1,692	1,441
- Employment insurance system	178	178	237	194	165
	325,096	227,630	296,525	251,098	409,434

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27. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel (cont'd)

The remuneration of Directors and key management personnel of the Group during the financial years are as follows: (cont'd)

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Key management personnel's compensation:					
Salaries, wages and bonus	469,900	424,900	549,200	468,623	175,000
Defined contribution plan	56,090	50,928	65,904	56,154	21,000
Social contribution plan	2,340	2,340	3,120	2,193	1,105
Employment insurance system	267	267	356	251	126
	528,597	478,435	618,580	527,221	197,231

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28. SEGMENT INFORMATION

No segmental information is provided as the Group is primarily involved in the air fragrance industry and the Group's activities are predominantly in Malaysia.

Major customers

Revenue from external customers contributed 10% or more to the total revenue recognised are as follows:

	Audited	**Unaudited**	**Audited**		
	For the FPE 30 June		**For the FYE 30 September**		
	2024	**2023**	**2023**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**	**RM**
Customer A	-	-	-	3,486,313	-
Customer B	9,315,175	4,140,468	5,685,064	-	-

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29. FINANCIAL INSTRUMENTS

(i) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost based on their respective classification. The material accounting policy information in Note 5.3(f) & (h) of this report describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The table below provides an analysis of financial instruments of the Group in the statements of financial position by the classes and categories of financial instruments to which they are assigned and therefore by the measurement basis, as follows:

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Financial assets carried at amortised cost				
Trade receivables	8,267,847	6,606,111	4,946,115	735,573
Other receivables, deposits and prepayments^	670,888	692,802	494,505	699,892
Other investment	95,196	95,196	95,196	-
Fixed deposits with licensed banks	314,886	529,674	441,110	360,000
Cash and bank balances	453,969	1,495,588	1,713,020	1,966,954
	9,802,786	9,419,371	7,689,946	3,762,419
Financial liabilities carried at amortised cost				
Trade payables	504,457	42,916	116,100	214,700
Other payables, accruals and deposits received	769,544	1,246,785	216,826	746,561
Bank borrowings	6,915,817	8,297,557	5,033,940	2,253,800
Lease liabilities	3,912,742	5,110,628	1,943,710	773,339
	12,102,560	14,697,886	7,310,576	3,988,400

^ Excluding prepayments

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29. FINANCIAL INSTRUMENTS (CONT'D)

(ii) Net (losses)/gains arising from financial instruments

	Audited	Unaudited	Audited		
	For the FPE 30 June		For the FYE 30 September		
	2024	2023	2023	2022	2021
	RM	RM	RM	RM	RM
Net (losses)/gains arising from:					
Financial assets measured at amortised cost	(54,288)	(58,000)	(78,481)	(39,645)	18,328
Financial liabilities measured at amortised cost	1,861	(1,306)	948	105	(333)
	(52,427)	(59,306)	(77,533)	(39,540)	17,995

Interest income and interest expense arising from financial instruments are not included in the above net gains and losses.

(iii) Financial risk management objective and policies

The Group is exposed to financial risk arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk.

The Board of Directors review and agree policies and procedure for the management of these risks, which are executed by the Managing Director. The Group's financial risk management policies are to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of those risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its floating rate instruments.

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29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(a) Interest rate risk (cont'd)

The Group's manage the next exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis.

Management does not enter into interest rate hedging transactions as the cost of such instruments out weights the potential risk of interest risk fluctuation.

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change interest rates at the end of the reporting period would not affect profit or loss.

The interest rate profile of the Group's significant interest bearing financial instruments, based on the carrying amounts as at end of the financial years are as follows:

	Audited			
	As at 30 June	**As at 30 September**		
	2024	**2023**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets				
Fixed deposits with licensed banks	314,886	529,674	441,110	360,000
Financial liabilities				
Lease liabilities	(3,912,742)	(5,110,628)	(1,943,710)	(773,339)
	(3,597,856)	(4,580,954)	(1,502,600)	(413,339)
Floating rate instruments				
Financial liabilities				
Bank borrowings	(6,915,817)	(8,297,557)	(5,033,940)	(2,253,800)

Interest rate risk sensitivity analysis

Sensitivity analysis is not disclosed on fixed rate instruments as fixed rate instruments are not exposed to interest rate risk and are measured at amortised cost.

A 100 basis points strengthening in the interest rate of floating rate instruments as at the end of the reporting periods would have decreased profit/(loss) after tax by RM28,345 (30.09.2023: RM37,232; 30.09.2022: RM20,593; 30.09.2021: RM12,941). 100 basis points weakening would have had an equal but opposite effect on the profit after tax. This assumes that all other variables remain constant.

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk

Credit risk is the risk of a financial loss to the Group that may arise if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group' exposure to credit risk arises principally from its trade and other receivables, fixed deposits with licensed banks and bank balances.

Credit risk is managed by the application of credit approvals, credit limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the group's associations to business partners with high creditworthiness.

The Group trades only with creditworthy third parties. Customers' credit terms are assessed on case by case basis.

The management has in place a credit procedure to monitor and minimise the exposure of default. Receivables are monitored on a regular and an ongoing basis by the management team.

For other financial assets (including bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

a. Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

In determining the recoverability of these receivables, the Group consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

<u>Credit risk concentration profile of trade receivables</u>

The Group major concentration of credit risk relates to the amount owing by 8 customers (30.09.2023: 5 customers; 30.09.2022: 2 customers; 30.09.2021: 6 customers) which constituted 83% (30.09.2023: 59%; 30.09.2022: 56%; 30.09.2021: 63%) of its trade receivables as at the end of each reporting period.

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29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

a. Trade receivables (cont'd)

Exposure to credit risk and credit quality

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 120 days, which are deemed to have higher credit risk, are monitored individually.

The Group does not have exposure to international credit risk as the entire trade receivables are concentrated in Malaysia.

At the end of financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows:

	Expected loss rate	Gross amount	Loss allowance	Carrying amount
		RM	RM	RM
Audited				
As at 30 June 2024				
Not past due		7,255,990	-	7,255,990
Past due				
- less than 30 days		239,832	-	239,832
- 31 to 90 days		85,460	-	85,460
- over 90 days	14%	795,823	(109,258)	686,565
		8,377,105	(109,258)	8,267,847
Individually credit impaired		97,366	(97,366)	-
		8,474,471	(206,624)	8,267,847

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29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

a. Trade receivables (cont'd)

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows: (cont'd)

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2023				
Not past due		4,592,363	-	4,592,363
Past due				
- less than 30 days		573,483	-	573,483
- 31 to 90 days		409,148	-	409,148
- over 90 days	25%	1,113,157	(82,040)	1,031,117
		6,688,151	(82,040)	6,606,111
Individually credit impaired		70,296	(70,296)	-
		6,758,447	(152,336)	6,606,111

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2022				
Not past due		4,745,954	-	4,745,954
Past due				
- less than 30 days		155,076	-	155,076
- 31 to 90 days		5,547	-	5,547
- over 90 days	34%	60,008	(20,470)	39,538
		4,966,585	(20,470)	4,946,115
Individually credit impaired		53,385	(53,385)	-
		5,019,970	(73,855)	4,946,115

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iv) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

a. Trade receivables (cont'd)

The information of the Group about the exposure to credit risk and loss allowances for trade receivables calculated under MFRS 9 are as follows: (cont'd)

	Expected loss rate	Gross amount RM	Loss allowance RM	Carrying amount RM
Audited				
As at 30 September 2021				
Not past due		412,146	-	412,146
Past due				
- less than 30 days		225,580	-	225,580
- 31 to 90 days		94,171	-	94,171
- over 90 days	49%	7,192	(3,516)	3,676
		739,089	(3,516)	735,573
Individually credit impaired		30,694	(30,694)	-
		769,783	(34,210)	735,573

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(b) Credit risk (cont'd)

a. Other receivables

Exposure to credit risk, credit quality and collateral

Other receivables balances are monitored on an ongoing basis.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of other receivables as at the end of the reporting period.

Ageing analysis of other receivables and impairment losses

The Group does not maintain ageing analysis for other receivables. Based on past experience, the management determines that no impairment is necessary in respect of other receivables. There had been no allowance for impairment losses on other receivables during the financial periods/years.

b. Other financial assets (including fixed deposits with financial institutions and cash and bank balances)

Other financial assets are held with licensed financial institutions. The Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk, credit quality and collateral

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meets its obligations. As at the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of cash and bank balances and fixed deposits with financial institutions in the combined statements of financial position.

Impairment losses

The financial institutions have low credit risk and the Group's bank balances are protected to an extent by Perbadanan Insurans Deposit Malaysia. Consequently, the Group is of the view that loss allowance is not material and hence it is not provided for.

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group maintains a level of cash and cash equivalents and loan facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments:

	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
Audited						
As at 30 June 2024						
Trade payables		504,457	504,457	504,457	-	-
Other payables, accruals and deposits received		769,544	769,544	769,544	-	-
Bank borrowings	4.00% - 15.00%	6,915,817	7,320,665	5,793,105	1,521,934	5,626
Lease liabilities	2.20% - 5.20%	3,912,742	4,235,755	1,596,073	2,384,070	255,612
		12,102,560	12,830,421	8,663,179	3,906,004	261,238

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
Audited						
As at 30 September 2023						
Trade payables		42,916	42,916	42,916	-	-
Other payables, accruals and deposits received		1,246,785	1,246,785	1,246,785	-	-
Bank borrowings	4.00% - 15.00%	8,297,557	8,912,778	6,584,187	2,210,460	118,131
Lease liabilities	2.20% - 5.80%	5,110,628	5,546,680	1,817,122	3,460,193	269,365
		14,697,886	15,749,159	9,691,010	5,670,653	387,496

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
Audited						
As at 30 September 2022						
Trade payables		116,100	116,100	116,100	-	-
Other payables, accruals and deposits received		216,826	216,826	216,826	-	-
Bank borrowings	7.35% - 14.20%	5,033,940	5,841,913	2,772,970	2,627,177	441,766
Lease liabilities	2.20% - 5.80%	1,943,710	2,166,805	568,380	1,386,756	211,669
		7,310,576	8,341,644	3,674,276	4,013,933	653,435

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on undiscounted contractual payments: (cont'd)

	Effective interest rate	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On demand or within One year RM	One to Five Years RM	Over Five Years RM
Audited						
As at 30 September 2021						
Trade payables		214,700	214,700	214,700	-	-
Other payables, accruals and deposits received		746,561	746,561	746,561	-	-
Bank borrowings	7.35% - 13.45%	2,253,800	2,510,902	1,462,099	932,159	116,644
Lease liabilities	2.35% - 5.00%	773,339	856,581	412,908	328,200	115,473
		3,988,400	4,328,744	2,836,268	1,260,359	232,117

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29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(d) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities with foreign companies, denominated mainly in Singapore Dollar ("SGD"), Brunei Dollar ("BND"), United States Dollar ("USD") and Chinese Yuan ("CNY").

The Group's exposure to foreign currency is as follows:

	SGD RM	BND RM	USD RM	CNY RM	Total RM
Audited					
As at 30 June 2024					
Financial assets					
Trade receivables	-	14,081	-	-	14,081
Other receivables	-	-	221,203	4,350	225,553
	-	14,081	221,203	4,350	239,634
Financial liabilities					
Trade payables	-	-	-	446,765	446,765
Other payables	3,450	-	-	-	3,450
	3,450	-	-	446,765	450,215
Net exposure	(3,450)	14,081	221,203	(442,415)	(210,581)
Audited					
As at 30 September 2023					
Financial assets					
Trade receivables	172,529	12,740	-	-	185,269
Other receivables	-	-	71,613	5,778	77,391
	172,529	12,740	71,613	5,778	262,660
Financial liabilities					
Trade payables	-	-	-	6,002	6,002
Net exposure	172,529	12,740	71,613	(224)	256,658

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group is exposed to foreign currency risk as a result of its normal operating activities with foreign companies, denominated mainly in Singapore Dollar ("SGD"), Brunei Dollar ("BND"), United States Dollar ("USD") and Chinese Yuan ("CNY"). (cont'd)

The Group's exposure to foreign currency is as follows: (cont'd)

	SGD RM	BND RM	USD RM	CNY RM	Total RM
Audited					
As at 30 September 2022					
Financial assets					
Trade receivables	35,646	13,331	-	-	48,977
Other receivables	-	-	98,426	3,649	102,075
Net exposure	35,646	13,331	98,426	3,649	151,052
Audited					
As at 30 September 2021					
Financial assets					
Other receivables	-	-	17,678	512,441	530,119
Net exposure	-	-	17,678	512,441	530,119

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ACCOUNTANTS' REPORT (CONT'D)

29. FINANCIAL INSTRUMENTS (CONT'D)

(iii) Financial risk management policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

A 10% foreign currency fluctuation of the RM against following currencies at the end of the reporting date would increase/(decrease) in the Group's profit after tax as per below. The analysis assumes that all other variables remain unchanged.

	Audited			
	As at 30 June	As at 30 September		
	2024	2023	2022	2021
	RM	RM	RM	RM
Effects on profit after tax				
SGD	(262)	13,112	2,709	-
BND	1,070	968	1,013	-
USD	16,811	5,443	7,480	1,344
CNY	(33,624)	(17)	277	38,946

(v) Fair value of financial instruments

(a) Financial instruments not carried at fair value

Financial assets and financial liabilities not carried at fair value are disclosed in Note 29(i) to this report. These financial instruments are carried at the amounts approximate of their fair values on the combined statements of financial position due to the relatively short term maturity of these financial instruments and the Group does not anticipate the carrying amounts recorded at the reporting date to be significantly different from the values that would eventually be received or settled.

As at the end of each financial period/year, the carrying amounts of floating rate term loans approximate their fair values as their effective interest rates change according to movements in the market interest rates.

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30. 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 cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholders, returning of capital to shareholders or issuing new shares. No changes were made in the objectives, policies or processes during the financial periods/years under review.

31. COMMITMENT

	Contracted RM	Paid RM	Commitment RM
Contracted but not provided for:			
- Capital expenditure in respect of property, plant and equipment	195,000	(50,000)	145,000
- Sponsorship and promotional activities expenses	900,000	(270,000)	630,000
As at 30 June 2024	1,095,000	(320,000)	775,000

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ACCOUNTANTS' REPORT (CONT'D)

32. SIGNIFICANT AND SUBSEQUENT EVENTS DURING THE REPORTING PERIOD

(a) On 12 June 2024, Vanzo Holdings Berhad had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023.

The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip. The submission of above transaction was completed and approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

(b) On 9 September 2024, Vanzo Asia had declared an interim single-tier dividend of RM0.80 per ordinary share totalling RM400,000 in respect of the financial year ended 30 September 2024. The dividend was subsequently paid on 18 September 2024 and 15 October 2024 respectively.

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ACCOUNTANTS' REPORT (CONT'D)

STATEMENT BY DIRECTORS

We, **Wong Liang Tzer** and **Tan Chin Soon**, being the Directors of **Vanzo Holdings Berhad**, state that, in the opinion of the Directors, the combined financial information set out on page 6 to 92 are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and the 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 30 September 2021, 30 September 2022, 30 September 2023 and 30 June 2024 and of their financial performance and their cash flows for the financial years ended 30 September 2021, 30 September 2022, 30 September 2023 and nine (9)-month financial period ended 30 June 2024.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 8 November 2024.

WONG LIANG TZER	**TAN CHIN SOON**
Director	Director

ECOVIS MALAYSIA PLT
201404001750 (LLP0003185-LCA) & AF 001825
Chartered Accountants. Kuala Lumpur, Malaysia

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Board of Directors
VANZO HOLDINGS BERHAD
No. 12, Jalan Tiang U8/92
Seksyen U8, Bukit Jelutong
40150 Shah Alam
Selangor Darul Ehsan

Kuala Lumpur, 8 November 2024

Dear Sirs

VANZO HOLDINGS BERHAD (THE "COMPANY") AND ITS COMBINING ENTITIES (THE "GROUP")
REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

We have completed our assurance engagement to report on the compilation of pro forma combined statement of financial position of the Group as at 30 June 2024 by the Board of Directors of the Company (the "Directors") for inclusion in the Company's prospectus to be issued in connection with the listing of and quotation for the entire issued ordinary shares of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (the "Listing"). The pro forma combined statement of financial position consists of the pro forma combined statement of financial position and the accompanying notes thereon, for which we have stamped for identification.

The applicable criteria on the basis of which the Directors have compiled the pro forma combined statement of financial position are described in notes to the pro forma combined statement of financial position, and are in accordance with the requirements of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The pro forma combined statement of financial position has been compiled by the Directors to illustrate the impact of the events or transactions as set out in the notes to the pro forma combined statement of financial position, on the Group's financial position as at 30 June 2024 as if the events or transactions had taken place at 30 June 2024. As a part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the financial year ended 30 June 2024, on which an auditors' report has been issued.

Directors' Responsibility for the Pro Forma Combined Statement of Financial Position

The Directors are responsible for compiling the pro forma combined statement of financial position on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Reporting Accountant's Professional Ethics and Quality Management

We have complied with the independence and other ethical requirement of the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the pro forma combined statement of financial position has been compiled, in all material respects, by the Directors on the basis as described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

We conducted our engagement in accordance with International Standards 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 Accounting Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma combined statement of financial position on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

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 financial information, 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 statement of financial position.

The purpose of the pro forma combined statement of financial position included in a prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

Reporting Accountants' Responsibilities (Cont'd)

A reasonable assurance engagement to report on whether the pro forma combined statement 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 in the compilation of the pro forma combined statement of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma combined statement of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma combined statement of financial position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statement of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma combined statement of financial position has been compiled, in all material respects, on the basis described in the notes to the pro forma combined statement of financial position, and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

Other Matter

This report has been prepared solely for the purpose of inclusion in the prospectus of the Company to be issued in connection with the Listing. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

ECOVIS MALAYSIA PLT	**CHUA KAH CHUN**
AF 001825	02696/09/2025 J
Chartered Accountants	Chartered Accountant

VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

1.0 Pro Forma Group and Basis of Preparation

1.1 Basis of Preparation

The pro forma combined statements of financial position of Vanzo Holdings Berhad ("Vanzo" or "the Company") and its combining entity, namely Vanzo Asia Sdn. Bhd. ("Vanzo Asia"), (hereinafter collectivelly referred to as "Vanzo Group" or "the Group") has been prepared by the Board in a manner consistent with the format of the audited financial statements and accounting policies of the Group for the financial period ended ("FPE") 30 June 2024, in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia. The pro forma combined statements of financial position has been prepared solely for illustrative purposes, to show the effects of transactions as disclosed in Note 2.

The pro forma combined statements of financial position is combined using the merger method as both the Group are under the common control of the same party both before and after the Acquisitions. When the merger method is used, the difference between the cost of investment recorded by Vanzo and the share capital of the combining entities are accounted for as reorganisation reserve in the pro forma combined statements of financial position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which took part in the reorganisation exercise, was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the start of the earliest period presented in the financial statements.

The audited financial statements of the Group as at 30 June 2024 were not subject to any audit qualification, modification or disclaimer of opinion.

The pro forma financial information of the Group comprises the pro forma combined statements of financial position as at 30 June 2024, adjusted for the impact of the Distribution of Dividends (Note 1.2), Pre-IPO Restructuring (Note 1.2), Listing Scheme (Note 1.3) and Utilisation of Proceeds from the IPO (Note 2.1.3).

The pro forma financial information, because of its nature, may not reflect the actual financial position of the Group. Furthermore, such information does not predict the future financial position of the Group.

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

1.0 Pro Forma Group and Basis of Preparation (Cont'd)

1.2 Pre-IPO Restructuring ("Pre-IPO")

1.2.1 Distribution of Dividends

The Directors of Vanzo Asia intend to declare a total dividend of RM900,000 for the financial year ended 30 September 2024 to its existing shareholders.

On 19 February 2024, the Directors of Vanzo Asia had declared an interim single-tier dividend of RM500,000 for the financial year ended ("FYE") 30 September 2024. The dividend was subsequently paid on 20 February 2024 and 15 March 2024.

On 9 September 2024, the Directors of Vanzo Asia had declared an interim single-tier dividend of RM400,000 for the FYE 30 September 2024. The dividend was subsequently paid on 18 September 2024 and 15 October 2024.

The above interim dividend declared on 9 September 2024 is illustrated in the Pro Forma Combined Statements of Financial Position to show the effect of such dividend payment.

1.2.2 Acquisition

On 12 June 2024, Vanzo had entered into a conditional share sale agreement with Wong Liang Tzer, Tan Chin Soon, Tang, YuQiang and Lim Chee Lip to acquire the entire issued share capital of Vanzo Asia comprising 500,000 ordinary shares for a total purchase consideration of RM9,148,300 based on audited net assets of Vanzo Asia of RM9,148,302 as at 30 September 2023. The total purchase consideration is to be satisfied via the issuance of 373,400,000 new ordinary shares at an issue price of RM0.0245 per share where Wong Liang Tzer, Tan Chin Soon and Tang, YuQiang had nominated Fragrance Century Sdn. Bhd. to receive the shares to be issued to them.

On 4 October 2024, the shares were allotted to Fragrance Century Sdn. Bhd. and Lim Chee Lip.
The submission of above transaction was approved by Suruhanjaya Syarikat Malaysia on 11 October 2024.

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

1.0 Pro Forma Group and Basis of Preparation (Cont'd)

1.3 Listing Scheme ("IPO")

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued share capital of Vanzo on the ACE Market ("ACE Market") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company intends to undertake the following transactions:

1.3.1 Public Issue

The Public Issue of 93,351,000 new Vanzo Shares, representing approximately 20.00% of the enlarged issued share capital at IPO Price amounting to RM14,002,650, payable in full on application, upon such terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:

(a) 23,338,000 new Vanzo Shares made available for application by the Malaysian Public;

(b) 23,338,000 new Vanzo Shares made available for application by the eligible Directors, employees and persons who have contributed to the success of the Group; and

(c) 46,675,000 new Vanzo Shares by way of private placement to selected investors.

1.3.2 Offer for Sale

A total of 46,675,000 new Vanzo Shares to be offered under Offer for Sale, are offered by the offerors to selected investors by way of private placement at IPO Price.

1.3.3 Listing

The admission of Vanzo to the Official List of Bursa Securities, and the entire enlarged issued share capital of RM23,150,960 comprising 466,751,100 Vanzo Shares shall be listed and quoted on the ACE Market upon completion of the Public Issue.

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024

			Pre-IPO	Pro Forma I		Pro Forma II		Pro Forma III
	Audited as at 30 June 2024 RM [(1)]	Distribution of Dividends RM	Acquisition RM	After Acquisition RM	IPO RM	After Pro Forma I and IPO RM	Utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Assets								
Non-current assets								
Property, plant and equipment	7,382,897	-	-	7,382,897	-	7,382,897	-	7,382,897
Intangible assets	86,413	-	-	86,413	-	86,413	-	86,413
Other investment	95,196	-	-	95,196	-	95,196	-	95,196
Deferred tax assets	22,525	-	-	22,525	-	22,525	-	22,525
Total non-current assets	7,587,031	-	-	7,587,031	-	7,587,031	-	7,587,031
Current assets								
Inventories	5,772,507	-	-	5,772,507	-	5,772,507	-	5,772,507
Trade receivables	8,267,847	-	-	8,267,847	-	8,267,847	-	8,267,847
Other receivables, deposits and prepayments	2,556,785	-	-	2,556,785	-	2,556,785	(660,550)	1,896,235
Fixed deposits with licensed banks	314,886	-	-	314,886	-	314,886	-	314,886
Cash and bank balances	453,969	(400,000)	-	53,969	14,002,650	14,056,619	(5,864,031)	8,192,588
Total current assets	17,365,994	(400,000)	-	16,965,994	14,002,650	30,968,644	(6,524,581)	24,444,063
Total assets	24,953,025	(400,000)	-	24,553,025	14,002,650	38,555,675	(6,524,581)	32,031,094

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024 (Cont'd)

			Pre-IPO	Pro Forma I		Pro Forma II		Pro Forma III
	Audited as at 30 June 2024 RM (1)	Distribution of Dividends RM	Acquisition RM	After Acquisition RM	IPO RM	After Pro Forma I and IPO RM	Utilisation of proceeds RM	After Pro Forma II and utilisation of proceeds RM
Equity and liabilities								
Equity								
Share capital	-	-	9,148,300	9,148,300	14,002,650	23,150,950	(700,000)	22,450,950
Invested equity	500,010	-	(500,000)	10	-	10	-	10
Reorganisation reserve	-	-	(8,648,300)	(8,648,300)	-	(8,648,300)	-	(8,648,300)
Retained earnings	11,805,781	(400,000)	-	11,405,781	-	11,405,781	(2,824,581)	8,581,200
Total equity	12,305,791	(400,000)	-	11,905,791	14,002,650	25,908,441	(3,524,581)	22,383,860
Liabilities								
Non-current liabilities								
Bank borrowings	1,274,692	-	-	1,274,692	-	1,274,692	-	1,274,692
Lease liabilities	2,469,685		-	2,469,685	-	2,469,685	-	2,469,685
Deferred tax liabilities	79,000	-	-	79,000	-	79,000	-	79,000
Total non-current liabilities	3,823,377	-	-	3,823,377	-	3,823,377	-	3,823,377
Current liabilities								
Trade payables	504,457	-	-	504,457	-	504,457	-	504,457
Other payables, accruals and deposits received	769,544	-	-	769,544	-	769,544	-	769,544
Bank borrowings	5,641,125	-	-	5,641,125	-	5,641,125	(3,000,000)	2,641,125
Lease liabilities	1,443,057	-	-	1,443,057	-	1,443,057	-	1,443,057
Current tax liabilities	465,674	-	-	465,674	-	465,674	-	465,674
Total current liabilities	8,823,857	-	-	8,823,857	-	8,823,857	(3,000,000)	5,823,857
Total liabilities	12,647,234	-	-	12,647,234	-	12,647,234	(3,000,000)	9,647,234
Total equity and liabilities	24,953,025	(400,000)	-	24,553,025	14,002,650	38,555,675	(6,524,581)	32,031,094

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13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION *(cont'd)*

VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.0 Pro Forma Combined Statements of Financial Position as at 30 June 2024 (Cont'd)

			Pre-IPO	Pro Forma I		Pro Forma II		Pro Forma III
	Audited as at 30 June 2024	Distribution of Dividends	Acquisition	After Acquisition	IPO	After Pro Forma I and IPO	Utilisation of proceeds	After Pro Forma II and utilisation of proceeds
Number of shares assumed in issue	500,000 (2)			373,400,000		466,751,000		466,751,000
NA (RM)	12,305,791			11,905,791		25,908,441		22,383,860
NA per Share (RM)	24.61			0.03		0.06		0.05
Borrowings	7,897,138			7,897,138		7,897,138		4,897,138
Gearing (times) (3)	0.64			0.66		0.30		0.22
Current ratio (times) (4)	2.0			1.9		3.5		4.2

(1) Extracted from the Group's audited combined financial statements for the FPE 30 June 2024.
(2) Representing invested equity of the Company as at FPE 30 June 2024.
(3) Calculated based on the total borrowings (excluding lease liabilities arising from rental of premises) of the Group divided by the total equity of the Group.
(4) Calculated based on total current assets divided by total current liabilities of the Group.

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.1 Notes to Pro Forma Combined Statements of Financial Position

2.1.1 Pro Forma I

Pro Forma I incorporates the effects of Distribution of Dividends and Pre-IPO Restructuring as set out in Note 1.2.

2.1.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the IPO as set out in Note 1.3.

2.1.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the utilisation of proceeds from IPO.

The estimated gross proceeds from the IPO of RM14,002,650 will be utilised as follows:

	RM	Estimated time frame (from the listing date)
Business expansion [(1)(2)]	1,600,000	Within 24 months
Marketing and promotion activities [(2)]	5,000,000	Within 24 months
Repayment of bank borrowings	3,000,000	Within 6 months
General working capital	702,650	Within 12 months
Listing expenses [(3)]	3,700,000	Within 3 months
	14,002,650	

Notes:

(1) Vanzo plan to set up 2 retail outlets within 12 months from the listing date and another 2 retail outlets within the 24 months from the listing date. Consists renovation cost, acquisition of equipment and start-up cost to set-up the new retail outlets.

(2) As at latest practicable date of the Prospectus, the Group has yet to enter into any contractual tenancy agreement or issued any purchase orders in relation to the above purposes. Accordingly, the utilisation of proceeds earmarked for these purposes are not reflected in the Pro Forma Combined Statements of Financial Position.

(3) The estimated listing expenses comprise the following:

	RM
Professional fees	3,050,000
Underwriting, placement and brokerage fees	400,000
Fees payable to authorities	65,000
Printing, advertising fees and contingencies	185,000
	3,700,000

From the total estimated listing expenses of RM3,700,000, RM700,000 will be set off against equity and the remaining RM3,000,000 will be charged out to the profit or loss. The Group has recognised RM118,324 and RM57,095 of listing expenses in the FYE 30 September 2023 and FPE 30 June 2024 respectively.

VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.2 Pro Forma Effects on Financial Statement Line Items

2.2.1 Effects on Cash and Bank Balances

	RM	RM
As audited on 30 June 2024		**453,969**
Pro Forma I:		
Distribution of Dividends		(400,000)
After effects of Pro Forma I		**53,969**
Pro Forma II:		
IPO		14,002,650
After effects of Pro Forma II		**14,056,619**
Pro Forma III:		
Utilisation of proceeds from IPO:		
- Repayment of bank borrowings	(3,000,000)	
- Estimated listing expenses	(2,864,031)	(5,864,031)
After effects of Pro Forma III		**8,192,588**

2.2.2 Effects on Share Capital

	No. of Shares	RM
As audited on 30 June 2024	-	-
Pro Forma I:		
Pre-IPO Restructuring:		
- Shares issued on Acquisition	373,400,000	9,148,300
After effects of Pro Forma I	**373,400,000**	**9,148,300**
Pro Forma II:		
IPO	93,351,000	14,002,650
After effects of Pro Forma II	**466,751,000**	**23,150,950**
Pro Forma III:		
Utilisation of proceeds from IPO:		
- Estimated listing expenses offset against equity	-	(700,000)
After effects of Pro Forma III	**466,751,000**	**22,450,950**

2.2.3 Effects on Invested Equity

	RM
As audited on 30 June 2024	**500,010**
Pro Forma I:	
Pre-IPO Restructuring:	
- Elimination arising from Acquisition	(500,000)
After effects of Pro Forma I, II and III	**10**

13. REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION *(cont'd)*

VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

2.2 Pro Forma Effects on Financial Statement Line Items (Cont'd)

2.2.4 Effects on Reorganisation Reserve

	RM	RM
As audited on 30 June 2024		-
Pro Forma I:		
Pre-IPO Restructuring:		
- Shares issued on Acquisition	(9,148,300)	
- Elimination arising from Acquisition	500,000	(8,648,300)
After effects of Pro Forma I, II, III		**(8,648,300)**

2.2.5 Effects on Retained Earnings

	RM
As audited on 30 June 2024	**11,805,781**
Pro Forma I:	
Distribution of Dividends	(400,000)
After effects of Pro Forma I, II	**11,405,781**
Pro Forma III:	
Utilisation of proceeds from IPO:	
- Estimated listing expenses charged to profit or loss	(2,824,581)
After effects of Pro Forma III	**8,581,200**

2.2.6 Effects on Bank Borrowings (Current and Non-Current Liabilities)

	RM
As audited on 30 June 2024 and after effect of Pro Forma I and II	**6,915,817**
Pro Forma III:	
Utilisation of proceeds from IPO:	
- Repayment of bank borrowings	(3,000,000)
After effects of Pro Forma III	**3,915,817**

2.2.7 Effects on Other receivables, deposits and prepayments

	RM
As audited on 30 June 2024 and after effect of Pro Forma I and II	**2,556,785**
Pro Forma III:	
Utilisation of proceeds from IPO:	
- Listing expenses charged out	(660,550)
After effects of Pro Forma III	**1,896,235**

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VANZO HOLDINGS BERHAD
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2024

3.0 Approval by the Board of Directors

The pro forma consolidated statement of financial position is approved by the Board of Directors of Vanzo Holdings Berhad in accordance with Directors' resolution dated 8 November 2024.

TAN CHIN SOON	**WONG LIANG TZER**
Director	**Director**

14. STATUTORY AND OTHER INFORMATION

14.1 SHARE CAPITAL

(a) As at the date of this Prospectus, we only have one class of shares, namely, ordinary shares, all of which rank equally with one another.

(b) Save for the Pink Form Allocations as disclosed in Section 4.3.3 of this Prospectus,

(i) no person including Directors or employee of our Group has been or is entitled to be given or has exercised any option to subscribe for any share of our Company or our subsidiary; and

(ii) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiary.

(c) Save for the following:

(i) issuance of our subscribers' shares upon our incorporation; and

(ii) new Shares to be issued for the Acquisition and Public Issue as disclosed in Sections 6.1.3(a) and 4.3.1 of this Prospectus,

there are no shares of our Company issued or are proposed to be issued as fully or partly paid-up, in cash or otherwise, within the past 2 years immediately preceding the date of this Prospectus.

(d) Other than our Public Issue as disclosed in Section 4.3.1 of this Prospectus, there is no intention on the part of our Directors to further issue any Shares on the basis of this Prospectus.

(e) As at the date of this Prospectus, we do not have any outstanding convertible debt securities.

14.2 INFORMATION OF OUR GROUP

Our share capital as at the LPD is RM10 comprising 100 Shares. The movements in our share capital since our incorporation are set out below:

Date of allotment	**No. of shares allotted**	**Consideration (RM)**	**Nature of transaction**	**Cumulative issued share capital (RM)**
29 December 2023	100	10	Subscribers' shares	10
4 October 2024	373,400,000	9,148,300	Allotment of Shares pursuant to the Acquisition	9,148,310

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, we do not have any outstanding warrants, options, convertible securities or uncalled capital.

Upon completion of our Listing, our enlarged share capital will increase from RM9,148,310, comprising 373,400,100 Shares to RM23,150,960 comprising 466,751,100 Shares.

14.3 INFORMATION OF OUR SUBSIDIARY

Information of our subsidiary is set out below.

14.3.1 Information on Vanzo Asia

(a) Share capital

As at LPD, Vanzo Asia has an issued share capital of RM500,000 comprising 500,000 ordinary shares. Details of the movement in the issued share capital of Vanzo Asia since its incorporation up to the LPD are as follows:

Date of allotment	No. of shares allotted	Consideration (RM)	Nature of transaction	Cumulative issued share capital (RM)
30 August 2018	100	100	Cash	100
29 April 2019	130,000	130,000	Cash	130,100
20 August 2019	30,000	30,000	Cash	160,100
26 April 2020	39,900	39,900	Cash	200,000
12 January 2021	100,000	100,000	Cash	300,000
31 May 2022	200,000	200,000	Bonus shares	500,000

There were no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the allotment. As at LPD, Vanzo Asia does not have any outstanding warrants, options, convertible securities or uncalled capital.

(b) Shareholders and directors

As at the LPD, Vanzo Asia is our wholly-owned subsidiary.

As at the LPD, the directors of Vanzo Asia are Allan and Michael.

(c) Subsidiary and associated company

As at the LPD, Vanzo Asia does not have any subsidiary and/or associated company.

14.4 CONSTITUTION

The following provisions are extracted from our Constitution. Terms defined in our Constitution shall have the same meanings when used here unless they are otherwise defined here or the context otherwise requires. The following provisions extracted from our Constitution are based on the current Listing Requirements and the Act.

14.4.1 Changes in share capital and variation of class rights

The provisions in our Constitution dealing with changes in share capital and variation of class rights, which are no less stringent than those required by law, are as follows:

Clause 8 - Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares, but subject to the Act, the Listing Requirements, any other statutory requirements, and to conditions, restrictions and limitations expressed in this Constitution, the Directors may allot, issue or grant rights to subscribe for or otherwise dispose of unissued shares in the Company to such persons, at such time and on such terms and conditions, with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as they deem proper, but the Directors in making any such issue of shares shall comply with the following conditions: -

8.1 No Shares shall be issued at a discount except in compliance with the provisions of the Act.

8.2 The rights attaching to shares of a class other than ordinary shares, shall be expressed in this Constitution, the respective term sheets and/or subscription agreement.

8.3 No issue of Shares shall be made without the prior approval of the members of the Company in general meeting.

8.4 No Director shall participate in a scheme that involves a new issuance of Shares or other convertible securities to employees unless the Members in a general meeting have approved the specific allotment to be made to such Director and such Director must not vote on the resolution approving the said allotment.

Clause 9 - Rights of preference shareholders

9.1 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, any preference shares may with the sanction of an ordinary resolution be issued on the terms that they are or at the option of the Company are liable to be redeemed and the Company has the power to issue such preference capital ranking equally with, or in priority to preference shares already issued.

9.2 Subject to the Act, the Listing Requirements and term sheet and/or subscription agreement, a holder of preference shares must have a right to vote in meetings of holders of their respective class of shares in each of the following circumstances:-

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects the rights attached to the preference shares;

(e) on a proposal to wind up the Company;

(f) during the winding up of the Company; and

(g) the Company shall not, without the consent of the existing preference members at a class meeting, issue further preference capital ranking in priority above preference share already issued.

9.3 Subject to this Constitution and/or term sheet and/or subscription agreement, a holder of preference shares shall be entitled to the same rights as a holder of ordinary shares in relation to receiving notices, reports, audited financial statements, and attending general meetings.

9.4 The Company shall not allot any preference shares or convert any issued shares into preference shares unless in accordance with the right of the Members with respect to repayment of capital, participation in surplus assets and profits, cumulative or non-cumulative dividends, voting and priority of payment of capital and dividend in relation to other Shares and other classes of preference shares as set out in this Constitution and/or term sheet and/or subscription agreement.

Clause 10 - Repayment of preference capital

The repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholders' rights shall only be made pursuant to a special resolution of the preference shareholders concerned **PROVIDED ALWAYS** that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing obtained from the holders of 3/4 of the preference capital concerned within two (2) months of the meeting shall be as valid and effectual as a special resolution carried at the meeting.

Clause 11 - Modification of class rights

Subject to the provisions of the Act, if at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths (3/4) of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of this Constitution relating to general meetings shall *mutatis mutandis* apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy (one-third) 1/3 of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

Clause 12 - Alteration of rights by issuance of new shares

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

Clause 52 – Power to increase capital

Subject to the Act, this Constitution, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 53- Offer of new Shares to the Member

Subject to any direction to the contrary that may be given by the Company in general meeting, any new Shares or other convertible securities of whatever kind for the time being unissued and not allotted and any new Shares or securities from time to time to be created shall, before they are issued, 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. 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 shall 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. The Directors may also dispose of any new Shares or securities which (by reason of the ratio which the new Shares or securities bear to Shares or securities held by persons entitled to an offer of new Shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

Clause 54- Ranking of new Shares

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the allotments, the payment of calls and instalments, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 55- Power to alter capital

The Company may by ordinary resolution and subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution:-

55.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

55.2 subdivide its share capital or any part thereof into shares of smaller amount, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;

55.3 cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; or

55.4 convert and/or reconvert and/or re-classify any class of shares into any other class of shares.

Clause 56- Power to reduce capital

The Company may by special resolution, subject to the Act, the Central Depositories Act, the Rules, the Listing Requirements, any other relevant authority for the time being in force, and the conditions, restrictions and limitations expressed in this Constitution, reduce its share capital, any capital redemption reserve fund or any reserve account in any manner authorised by the Act and subject to any consent required by law.

14.4.2 Borrowing and voting powers of the directors

The provisions in our Constitution dealing with voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested in are as follows:

Clause 98 – Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or subsidiary company subject to the law including but not limited to the provisions of the Act and the Listing Requirements, as they may think fit.

Clause 111 – Chairman to have a casting vote

111.1 Subject to this Constitution any question arising at any meeting of the Directors shall be decided by a majority of votes, each Director having one (1) vote and a determination by a majority of the Directors shall for all purposes be deemed a determination of the Directors.

111.2 In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote **EXCEPT** where only two (2) of the Directors form a quorum and only such Directors are present at the meeting or where only two (2) of the Directors are competent to vote on the question in issue, whereupon the resolution shall be deemed not to have been passed, without affecting any other businesses at the meeting.

Clause 113 – Disclosure of interest and restriction on discussion and voting

Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by law. Subject to Section 222 of the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested **PROVIDED ALWAYS** that he has complied with Section 221 of the Act and all other relevant provisions of the Act and this Constitution.

Clause 114 – Power to vote

Without prejudice to the provisions of any other Constitution, the Act and the Listing Requirements, a Director may vote in respect of:-

114.1 any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

114.2 any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

14.4.3 Remuneration of directors

The provisions in our Constitution dealing with remuneration of Directors are as follows:-

Clause 93 - Directors' remuneration

93. The fees and benefits payable to the Directors of the Company including compensation for loss of employment of a Director or a former Director of the Company shall from time to time be approved by Members in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree **PROVIDED ALWAYS** that:

93.1 salaries payable to executive Director(s) may not include a commission on or percentage of turnover; and

93.2 fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover.

Clause 94 - Reimbursement of expenses

94.1 The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending board meetings or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.

94.2 If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

Clause 115 – Alternate Director

115.2 An alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the terms and conditions existing with reference to the other Directors and shall be entitled to receive notices of all meetings of the Directors and to attend, speak and vote at any such meeting at which his appointer is not present.

Clause 117 - Remuneration of Managing Director

The remuneration of a managing director or managing directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

14.4.4 Transfer of shares

The provisions in our Constitution dealing with transfer of shares are as follows:-

Clause 31 - Transfer of Deposited Securities

31.1 Subject to the restriction imposed by this Constitution, the Listing Requirements, the Central Depositories Act and the Rules (with respect to transfer of Deposited Security), the transfer of any listed security or class of listed 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 subsection 148(2) of the Act and any exemption that may be made from compliance with subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

31.2 The Depository may, in its absolute discretion, refuse to register any transfer Deposited Security where the reason for transfer does not fall within any approved reasons provided for in the Rules or does not comply with the Rules.

31.3 Subject to provisions of the Act, the Listing Requirements and the Rules, there shall be no restriction on the transfer of fully paid securities except where required by law or transfer is in respect of the partly paid Shares in respect of which a call has been made and is unpaid.

Clause 32 - Transfer of Shares (Non-Deposited Securities)

32.1 Subject to the provisions of the Act and this Constitution, any Member may transfer all or any of his Shares (which is not Deposited Securities) by a duly executed and stamped instrument in writing. The instrument shall be executed by or on behalf of the transferor and the transferor shall remain the holder of the Shares transferred until the transfer is registered and the name of the transferee is entered in the Register of Members in respect thereof.

32.2 The instrument of transfer must be left for registration at the Office of the Company together with such fee not exceeding RM1.00 as the Directors from time to time may require accompanied by the certificate of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as a shareholder and retain the instrument of transfer.

32.3 Subject to the Act, the Directors may in their discretion through passing of a resolution to decline or delay registering any transfer of Shares (which is non-Deposited Security) to a person of whom they do not approve, whether or not being fully paid Shares or Shares on which the Company has a lien, within thirty (30) days from the date of receipt the instrument of transfer.

32.4 Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the Shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such Shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

32.5 Subject to any written law, no Shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

32.6 Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any Shares by the allottee thereof in favour of some other persons.

32.7 All instruments of transfer which shall be registered shall be retained by the Company but any instrument of transfer which the Directors may decline or refuse to register shall on demand be returned to the person depositing the same. All powers of attorney granted by members for purpose (inter-alia) of transferring Shares which may be lodged, produced or exhibited to the Company or any of its proper officers shall as between the Company and the grantor of such powers be taken and deemed to continue and remain in full force and effect and the same may be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the registered office of the Company.

14.5 GENERAL INFORMATION

(a) Save for the dividends declared and/or paid as disclosed in Section 5.1.5 of this Prospectus, Directors' remuneration as disclosed in Section 5.5.1 of this Prospectus and purchase consideration paid for the Acquisition as disclosed in Section 6.1.3(a) of this Prospectus, no other amount or benefit has been paid or given within the past 2 years immediately preceding the date of this Prospectus, nor is it intended to be paid or given, to any of our Promoters, Directors or substantial shareholder.

(b) Save as disclosed in Section 10.1 of this Prospectus, none of our Directors or substantial shareholder have any interest, direct or indirect, in any contract or arrangement subsisting at the date of this Prospectus and which is significant in relation to the business of our Group.

(c) The manner in which copies of this Prospectus together with the official application forms and envelopes may be obtained and the details of the summarised procedures for application of our Shares are set out in Section 15 of this Prospectus.

(d) There is no limitation 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.

14.6 CONSENTS

(a) The written consents of the Principal Adviser, Sponsor, Underwriter, Placement Agent, Financial Adviser, Solicitors, Company Secretaries, Share Registrar and Issuing House to the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;

(b) The written consents of the Auditors and Reporting Accountants to the inclusion in this Prospectus of their names, Accountants' Report and Reporting Accountants' report relating to the pro forma consolidated financial information in the form and context in which they are contained in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn; and

(c) The written consent of the IMR to the inclusion in this Prospectus of its name and the IMR Report, in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not been subsequently withdrawn.

14.7 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company during normal business hours for a period of 6 months from the date of this Prospectus:

(a) Our Constitution;

(b) Audited financial statements of Vanzo Asia for FYE 2021 to FYE 2023 and FPE 2024;

(c) Audited financial statements of our Company since incorporation (i.e. 29 December 2023) up to 30 June 2024;

(d) Accountants' Report as set out in Section 12 of this Prospectus;

(e) Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Information as set out in Section 13 of this Prospectus;

(f) IMR Report as set out in Section 7 of this Prospectus;

(g) Material contracts as set out in Section 6.7 of this Prospectus; and

(h) Letters of consent as set out in Section 14.6 of this Prospectus.

14.8 RESPONSIBILITY STATEMENTS

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

M&A 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 concerning our IPO.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR ISSUE 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 OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 27 NOVEMBER 2024

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 4 DECEMBER 2024

Applications for the Issue Shares will open and close at the times and dates stated above.

In the event there is any change to the timetable, we will make an announcement on Bursa Securities' website and advertise the notice of the change in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia.

LATE APPLICATIONS WILL NOT BE ACCEPTED.

15.2 METHODS OF APPLICATIONS

15.2.1 Retail Offering

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by Malaysian Public:	
(i) Individuals	▪ **WHITE** Application Form; or ▪ Electronic Share Application; or ▪ Internet Share Application
(ii) Non-Individuals	▪ **WHITE** Application Form only
Applications by Eligible Persons	▪ **PINK** Application Form only

15.2.2 Placement

Types of Application	Application method
Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Eligible Persons and selected investors may still apply for our Issue Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name**. Invalid, nominee or third party CDS accounts will not be accepted** for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 ISSUE SHARES OR MULTIPLES OF 100 ISSUE 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.

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15.3.2 Application by the Malaysian Public

You can only apply for our Issue Shares if you fulfil all of the following:

(a) You must be one of the following:

(i) a Malaysian citizen who is at least 18 years old as at the date of the application for our Issue Shares; or

(ii) 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

(iii) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.

(b) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

(c) You must submit Applications by using only one of the following methods:

(i) White Application Form; or

(ii) Electronic Share Application; or

(iii) Internet Share Application.

15.3.3 Application by Eligible Persons

The 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 Issue Shares. The Eligible Persons must follow the notes and instructions in the said documents and where relevant, in this Prospectus.

15.4 APPLICATION BY WAY OF APPLICATION FORM

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 RM0.15 for each Issue Share.

Payment must be made out in favour of **"TIIH SHARE ISSUE ACCOUNT NO. 783"** 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:

(a) 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

(b) **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, so as to arrive not later than 5.00 p.m. on 4 December 2024 or by such other time and date specified in any change to the date or time for closing.

We, together with the 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 the Issuing House.

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

Only Malaysian individuals may apply for our Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may use the Internet Share Application to apply for our Issue 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, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Malaysia Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. 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.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

(a) reject Applications which:

  (i) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or

  (ii) are illegible, incomplete or inaccurate; or

  (iii) are accompanied by an improperly drawn up or improper form of remittance; or

(b) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and

(c) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the 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.

15.8 OVER/UNDERSUBSCRIPTION

In the event of oversubscription, 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 Issue 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 at 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 undersubscription of our Issue Shares by the Malaysian Public and/or eligible Directors and employees of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.3.4 of this Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

(a) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

(b) If your Application is rejected because you did not provide a CDS Account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.

(c) 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 the Issuing House as per items (a) and (b) above (as the case may be).

(d) The 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/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 (b) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

(a) The 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 Institution or Internet Participating Financial Institution or Participating Securities Firm (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from the Issuing House.

(b) You may check your account on the 5th Market Day from the balloting date.

(c) 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 the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or Participating Securities Firms (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 Institution will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institution will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

(a) Our Issue Shares allotted to you will be credited into your CDS Account.

(b) 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.

(c) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our Issue 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 Depository Rules.

(d) 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.

15.11 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 at 03-2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution or Participating Securities Firm and Authorised Financial Institution

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House website at https://tiih.online, **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.

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