



6. INFORMATION ON OUR GROUP (Cont'd)

6.21 INTELLECTUAL PROPERTY RIGHTS, PATENTS, TRADEMARKS AND REGISTRATIONS




Save as disclosed below, as at the LPD our Group does not have any patents, trademarks, registrations and other intellectual property rights:

Locally Registered Trademarks




No.	Trademark	Registered Owner / Applicant	Trademark No.	Issuing Authority	Validity Period	Class	Description	Status
1.	 <p>HEDAI KOPITIAM ORIENTAL HUAYANG</p> <p><i>Note: The transliteration and translation of the chinese characters of which the mark consists is "huayang" meaning "beautiful and glorious sun".</i></p>	Oriental Coffee International	TM2021000627	Intellectual Property Corporation of Malaysia ("MyIPO")	8 January 2021 to 8 January 2031	43	Providing food and beverages.	Registered
2.	 <p>HEDAI KOPITIAM ORIENTAL KOPI</p> <p><i>Note: Transliteration: "Hua", "Yang"; Translation: "Beautiful and Glorious", "Sun".</i></p>	Oriental Coffee International	TM2022012799	MyIPO	24 May 2022 to 24 May 2032	43	Food and beverages.	Registered

6. INFORMATION ON OUR GROUP (Cont'd)




Internationally Registered Trademarks

No.	Trademark	Registered Owner / Applicant	Trademark No.	Issuing Authority	Validity Period	Class	Description	Status
1.	 <p>HEDAI KOPITIAM ORIENTAL KOPI</p>	Oriental Coffee International	UK00003917671	Intellectual Property Office of the United Kingdom	1 June 2023 to 1 June 2033	43	cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops	Registered
2.	 <p>華陽三寶 ORIENTAL SIGNATURE</p>	Oriental Coffee International	40202318723Q	Intellectual Property Office of Singapore ("IPOS")	23 August 2023 to 23 August 2033	30	Egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; mooncakes; brewed coffee; coffee; coffee, tea, cocoa and artificial coffee; ground coffee; instant coffee; coffee-based beverages; chocolate-based beverages with milk; tea-based beverages; cocoa-based beverages; fruit confectionery; pineapple tarts.	Registered
3.	 <p>華陽三寶 ORIENTAL SIGNATURE</p>	Oriental Coffee International	40202318721U	IPOS	23 August 2023 to 23 August 2033	43	Corporate hospitality services [provision of food and drink]; mobile cafe services for providing food and drink; food preparation; cafe services; restaurant services; snack-bar services.	Registered




6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trademark	Registered Owner / Applicant	Trademark No.	Issuing Authority	Validity Period	Class	Description	Status
4.		Oriental Coffee International	40202318720R	IPOS	23 August 2023 to 23 August 2033	43	Corporate hospitality services [provision of food and drink]; mobile cafe services for providing food and drink; food preparation; cafe services; restaurant services; snack-bar services.	Registered
5.		Oriental Coffee International	40202318718T	IPOS	23 August 2023 to 23 August 2033	30	Egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; mooncakes; brewed coffee; coffee; coffee, tea, cocoa and artificial coffee; ground coffee; instant coffee; coffee-based beverages; chocolate-based beverages with milk; tea-based beverages; cocoa-based beverages; fruit confectionery; pineapple tarts.	Registered
6.		Oriental Coffee International	40202318724T	IPOS	23 August 2023 to 23 August 2033	30	Egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; mooncakes; brewed coffee; coffee; coffee, tea, cocoa and artificial coffee; ground coffee; instant coffee; coffee-based beverages; chocolate-based beverages with milk; tea-based beverages; cocoa-based beverages; fruit confectionery; pineapple tarts.	Registered

6. INFORMATION ON OUR GROUP (Cont'd)



No.	Trademark	Registered Owner / Applicant	Trademark No.	Issuing Authority	Validity Period	Class	Description	Status
7.		Oriental Coffee International	40202318719R	IPOS	23 August 2023 to 23 August 2033	30	Egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; mooncakes; brewed coffee; coffee; coffee, tea, cocoa and artificial coffee; ground coffee; instant coffee; coffee-based beverages; chocolate-based beverages with milk; tea-based beverages; cocoa-based beverages; fruit confectionery; pineapple tarts.	Registered
8.		Oriental Coffee International	40202251016R	IPOS	22 June 2022 to 22 June 2032	43	Cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops.	Registered
9.		Oriental Coffee International	40202311775U	IPOS	30 May 2023 to 30 May 2033	43	Cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops.	Registered

6. INFORMATION ON OUR GROUP (Cont'd)



No.	Trademark	Registered Owner / Applicant	Trademark No.	Issuing Authority	Validity Period	Class	Description	Status
10.		Oriental Coffee International	306278059	Intellectual Property Department of Hong Kong	23 June 2023 to 22 June 2033	43	Cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops	Registered
11.		Oriental Coffee International	42023515277	Intellectual Property Office of the Philippines	27 November 2023 to 27 November 2033	43	Cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops	Registered
12.		Oriental Coffee International	2356429	Intellectual Property Office of Australia	13 May 2023 to 13 May 2033	43	Cafe services; cafeteria services; restaurant services; reservation of restaurants; carry-out restaurants; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; coffee shops	Registered

6. INFORMATION ON OUR GROUP (Cont'd)



Local Trademark Applications

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
1.	 <p><i>Note: The translation of the Chinese characters 'HUA; YANG; SAN; BAO' meaning 'CHINESE; SUN; THREE; TREASURE' respectively.</i></p>	Oriental Coffee International	TM2023021748	MyIPO	26 July 2023	43	Providing food and drink in restaurants; catering for the provision of food and beverages; catering of food and drink; consultancy services in the field of food and drink catering; corporate hospitality in the nature of providing food and drink; food kiosk services being services for providing food and drink; preparation and provision of food and drink for consumption in retail establishments; mobile cafe services for providing food and drink.	Pending registration ⁽¹⁾
2.	 <p><i>Note: The translation of the Chinese characters 'CHUAN CHENG JIA XIANG DE HAO WEI DAO' meaning 'INHERITED THE GOOD TASTE OF HOMETOWN'.</i></p>	Oriental Coffee International	TM2023021749	MyIPO	26 July 2023	43	Providing food and drink in restaurants; Catering for the provision of food and beverages; catering of food and drink; consultancy services in the field of food and drink catering; corporate hospitality in the nature of providing food and drink; food kiosk services being services for providing food and drink; preparation and provision of food and drink for consumption in retail establishments; mobile cafe services for providing food and drink.	Pending registration ⁽²⁾


6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
3.	 <p><i>Note: The translation of the Chinese characters '華陽' in the mark 'HUA; YANG' meaning 'CHINESE; SUN' respectively.</i></p>	Oriental Coffee International	TM2023025273	MyIPO	23 August 2023	30	Instant coffee; pineapple fritters; egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; fruit cookies; mooncakes; beverages with coffee, cocoa, chocolate or tea base; brewed coffee; coffee; coffee bean beverages; coffee, tea, cocoa and artificial coffee; coffee-based beverages; ground coffee.	Pending registration ⁽³⁾
4.	 <p><i>Note: The translation of the Chinese characters '華陽三寶' in the mark 'HUA; YANG; SAN; BAO' meaning 'CHINESE; SUN;'</i></p>	Oriental Coffee International	TM2023025274	MyIPO	23 August 2023	30	Instant coffee; pineapple fritters; egg rolls; egg tarts; almond cookies; cereal cookies; cookies; egg roll cookies; fruit cookies; mooncakes; beverages with coffee, cocoa, chocolate or tea base; brewed coffee; coffee; coffee bean beverages; coffee, tea, cocoa and artificial coffee; coffee-based beverages; ground coffee.	Pending registration ⁽⁴⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
5.	 <p>傳承家鄉的好味道 <i>Inherit the good taste of hometown</i></p> <p>Note: The translation of the Chinese characters '傳承家鄉的好味道' in the mark 'CHUAN CHENG JIA XIANG DE HAO WEI DAO' meaning 'INHERITED THE GOOD TASTE OF HOMETOWN'</p>	Oriental Coffee International	TM2023025275	MyIPO	23 August 2023	30	Almond cookies; beverages with coffee, cocoa, chocolate or tea base; brewed coffee; cereal cookies; coffee; coffee bean beverages; coffee, tea, cocoa and artificial coffee; coffee-based beverages; cookies; egg roll cookies; egg rolls; egg tarts; fruit cookies; ground coffee; instant coffee; mooncakes; pineapple fritters..	Pending registration ⁽⁵⁾
6.	 <p>華陽 ORIENTAL</p> <p>Note: The translation of the Chinese characters '華陽' in the mark 'HUA; YANG' meaning 'CHINESE; SUN' respectively.</p>	Oriental Coffee International	TM2023025276	MyIPO	23 August 2023	30	Almond cookies; beverages with coffee, cocoa, chocolate or tea base; brewed coffee; cereal cookies; coffee; coffee bean beverages; coffee, tea, cocoa and artificial coffee; coffee-based beverages; cookies; egg roll cookies; egg rolls; egg tarts; fruit cookies; ground coffee; instant coffee; mooncakes; pineapple fritters.	Pending registration ⁽⁶⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
8.	 <p><i>Note: The translation of the Chinese characters '華陽' in the mark 'HUA; YANG' meaning 'CHINESE; SUN' respectively.</i></p>	Oriental Coffee International	TM2024015844	MyIPO	31 May 2024	43	Providing food and drink in restaurants; Catering for the provision of food and beverages; Catering of food and drink; Consultancy services in the field of food and drink catering; Corporate hospitality in the nature of providing food and drink; Food kiosk services being services for providing food and drink; Preparation and provision of food and drink for consumption in retail establishments; Mobile cafe services for providing food and drink.	Pending registration ⁽⁸⁾

Notes:



- (1) Based on the letter of provisional refusal dated 27 March 2024, the trademark application has been objected as the mark is similar to an earlier trademark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 26 April 2024. As at LPD, the hearing date is pending from MyIPO. ^
- (2) Based on the letter of provisional refusal dated 27 March 2024, the trademark application has been objected as the mark is devoid of any distinctive character, as such it does not comply with Section 23(1)(b) of the Trademarks Act 2019 for registration. Further, the trademark consists of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, other characteristics of goods or services or the time of production or of rendering of services, as such it does not comply with Section 23(1)(c) of the Trademarks Act 2019. In particular, the objection is due to the Chinese characters and wording "Inherited The Good Taste of Hometown" which designates the quality of the services rendered. Furthermore, the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 26 April 2024. As at LPD, the hearing date is pending from MyIPO. ^

6. INFORMATION ON OUR GROUP (Cont'd)




- (3) Based on the letter of provisional refusal dated 22 January 2024, the trademark application has been objected as the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 11 March 2024. As at the LPD, the hearing date is pending from MyIPO. ^
 - (4) Based on the letter of provisional refusal dated 22 January 2024, the trademark application has been objected as the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 11 March 2024. As at LPD, the hearing date is pending from MyIPO. ^
 - (5) Based on the letter of provisional refusal dated 26 February 2024, the trademark application has been objected as the mark is devoid of any distinctive character, as such it does not comply with Section 23(1)(b) of the Trademarks Act 2019 for registration. Further, the trademark consists of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, other characteristics of goods or services or the time of production or of rendering of services, as such it does not comply with Section 23(1)(c) of the Trademarks Act 2019. In particular, the objection is due to the wordings "Inherited The Good Taste of Hometown" which designates the quality of the food sold. Furthermore, the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 7 March 2024. As at the LPD, the hearing date is pending from MyIPO. ^
 - (6) Based on the letter of provisional refusal dated 22 January 2024, the trademark application has been objected as the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a hearing date to appeal the objection on 11 March 2024. As at LPD, the hearing date is pending from MyIPO. ^
 - (7) Based on the letter of provisional refusal dated 29 July 2024, the trademark application has been objected as the mark is similar to an earlier mark and is to be registered for goods or services similar to said earlier mark. As such, it is not in compliance with Section 24(2)(b) of the Trademarks Act 2019 for registration. Oriental Coffee International has applied via its trademark agent for a written appeal on 4 September 2024. As at the LPD, the approval for the written appeal is pending from MyIPO. ^
 - (8) As at the LPD, the trademark application is under substantive examination by MyIPO. The estimated timeframe is not able to be ascertained as at the LPD as the application is subject to the processing of MyIPO.
- ^ In the event Oriental Coffee International fails to obtain the trademark registration applications, our Group does not anticipate material adverse impact on business operations as our Group may continue to use the brand name and marks. However, our Group's rights for the marks will not be protected under the Trademarks Act 2019 of Malaysia. Our Group may not be able to stop the misuse of the marks or initiate an action against third parties for infringement of trademark under the Trademarks Act 2019 of Malaysia. Nonetheless, our Group may enforce rights to the marks by taking legal action against third parties under common law such as passing off actions.

6. INFORMATION ON OUR GROUP (Cont'd)


International Trademark Applications

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
1.		Oriental Coffee International	JID2024088042	Directorate General of Intellectual Property (DGIP) Indonesia	4 September 2024	43	Mobile cafe services for providing food and drink; cafeteria services; restaurant services; online reservation of restaurant tables; carry-out restaurant services; catering services; food and drink catering; food preparation; preparation of take-away and fast food; providing food and drink; takeaway food and drink services; Coffee shop	Pending registration ⁽¹⁾
2.		Oriental Coffee International	DID2024088044	Directorate General of Intellectual Property (DGIP) Indonesia	4 September 2024	30	Egg roll cookies; egg tarts; almond cookies; cereal cookies; cookies; moon cakes; brewed coffee; coffee; coffee, tea, cocoa and artificial coffee; ground coffee; instant coffee; coffee-based beverages; chocolate-based beverages with milk; tea-based beverages; cocoa-based beverages; fruit confectionery; Pineapple cake	Pending registration ⁽¹⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
3.	 <p>HUA YANG ORIENTAL KOPI</p>	Oriental Coffee International	DID2024098141	Directorate General of Intellectual Property (DGIP) Indonesia	27 September 2024	30	Various types of coffee, tea, cocoa and artificial coffee preparations, rice, pasta and noodles, tapioca and sago products; flour-based products and preparations made from cereals; bread, [confectionery, chocolate, ice cream, sugar, honey, yeast, salt for preserving and flavouring, seasonings, spices, preserved herbs, vinegar, various sauces and other condiments under Class 30]	Pending registration ⁽¹⁾
4.	 <p>HUA YANG ORIENTAL KOPI</p>	Oriental Coffee International	JID2024098142	Directorate General of Intellectual Property (DGIP) Indonesia	27 September 2024	43	Various services for providing food and drink, including cafes, restaurant and catering services, food preparation services, restaurant chain services, food kiosk services to provide food and drinks, consultancy services relating to the preparation of food and drinks under Class 43	Pending registration ⁽¹⁾
5.	 <p>KEDAI KOPITIAM ORIENTAL KOPI</p>	Oriental Coffee International	98380040	United States Patent and Trademark Office ("USPTO")	29 January 2024	43	Cafe services; Food preparation; Hospitality services in the nature of provision of food and drink; Mobile cafe services for providing food and drink; Restaurant services; Snack-bar services	Pending registration ⁽²⁾

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Trade Mark	Company / Applicant	Application No.	Authority	Application date	Class	Description	Status
6.		Oriental Coffee International	98380047	USPTO	29 January 2024	30	Coffee; Cookies; Almond cookies; Biscuits containing egg; Brewed coffee; Cereal cookies; Chocolate-based beverages with milk; Cocoa-based beverages; Coffee-based beverages; Coffee, tea, cocoa and artificial coffee; Egg rolls; Egg tarts; Ground coffee; Instant coffee; Jelly confectionery; Moon cakes; Pineapple fritters; Tea-based beverages	Pending registration ⁽²⁾

Notes:

- (1) As at the LPD, Oriental Coffee International is awaiting the substantive examination of the trademark application by the Directorate General of Intellectual Property (DGIP) Indonesia. The estimated timeframe is not able to be ascertained as at the LPD as the application is subject to the processing of the Directorate General of Intellectual Property (DGIP) Indonesia.
- (2) As at the LPD, Oriental Coffee International is awaiting the substantive examination of the trademark application. The estimated timeframe is not able to be ascertained as at the LPD as the application is subject to the processing of the USPTO.

6. INFORMATION ON OUR GROUP (Cont'd)

6.22 MATERIAL DEPENDENCY ON COMMERCIAL CONTRACTS/AGREEMENTS/INTELLECTUAL PROPERTY RIGHTS/LICENCES OR PERMITS/ BUSINESS PROCESSES

Save for the major licences in Section 6.20, registered trademarks and intellectual property rights in Section 6.21, our Group's business or profitability is not materially dependent on any contracts, intellectual property rights, licences and permits, and production or business processes as at the LPD.

6.23 PROPERTIES, PLANT AND EQUIPMENT

6.23.1 Properties owned

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

6.23.2 Material properties rented by our Group for our business operations

As at the LPD, our Group has the following material properties rented in Malaysia for our business operations as set out below:

(a) Head office and warehouse

No.	Landlord	Tenant	Property Address	Description / Existing Use	Gross built-up area (sq. ft.)	Tenure	Date of CF or CCC	Rental per annum (RM)
1.	Icon Facade Sdn Bhd	Oriental Coffee International	No. 39, Jalan TPP 3, Taman Perindustrian Putra, 47130 Puchong, Selangor	Head office and warehouse	22,689	16 July 2024 to 15 July 2026	18 April 2022	792,000
2.	Mars Mobile Distribution Sdn Bhd	Oriental Coffee International	Lot 2056, No. 41, Jalan Ekoperniagaan 3, Taman Kota Masai, 81700 Pasir Gudang, Johor	Warehouse and office	3,892	1 November 2024 to 31 October 2026	7 June 2018	54,000

6. INFORMATION ON OUR GROUP (Cont'd)**(b) Cafes and specialty retail store**

The table below provides an overview of the number of rented properties as at the LPD rented by our Group for our cafes and specialty retail store in Malaysia according to location, the approximate total rented area and tenure of the tenancies based on the respective tenancy agreements:

Location	No. of cafes and/or specialty retail store ⁽²⁾	Approximate total rented area/ approximate rented area per property sq. ft.	Tenure years
Malaysia			
• Federal Territories ⁽¹⁾	9	2,709 to 7,241	1.5 - 3
• Selangor	5	2,360 to 6,091	3
• Johor	10	620 to 6,695	1 - 3
• Penang	2	3,175 to 4,490	3
• Melaka	1	3,469	3
• Sarawak	1	4,437	3
Total	28	-	-

Notes:

- (1) Including Kuala Lumpur and Putrajaya.
- (2) Including 6 proposed new cafes which we have entered into letters of offer and/or tenancy agreements, where operations have yet to commence as at LPD.

As at the LPD, all of our cafes and specialty retail store are rented on a rental basis and/or percentage of the gross turnover basis. Majority of the tenancies are with an option to renew for a further term not exceeding 3 years with prior written notice to the respective landlords. Generally, the rental rates for the renewal term is subject to prevailing market rates at the time of renewal. Our Group opts to rent our cafes and specialty retail store as our Group's future focus on cafe locations will mainly be in established shopping malls, due to the higher foot traffic, which is important in building our brand awareness and exposure. In addition, shopping malls provide convenience and accessibility for our customers.

The total rental expenses by our Group for the Financial Years Under Review for our rented cafes and specialty retail store is approximately RM0.44 million for FYE 2021, RM4.07 million for FYE 2022, RM14.94 million for FYE 2023 and RM30.80 million for FYE 2024 respectively.

For the Financial Years Under Review and up to the LPD, our Group has not experienced any major difficulties in renewing our existing tenancy arrangements for our cafes and specialty retail store. Please refer to Section 8.1.5 of this Prospectus for further details in relation to the risks we may experience in event of changes in terms and conditions or non-renewal of tenancies which are unfavourable to us.

6. INFORMATION ON OUR GROUP (Cont'd)

6.24 GOVERNING LAWS AND REGULATIONS

A summary of the relevant laws and regulations governing the business of our Group and Joint Venture are set out below:

(A) Malaysia**6.24.1 Food Act 1983 ("FA 1983"); Food Regulations 1985 ("FR 1985") and Food Hygiene Regulations**

The FA 1983 and the FR 1985 are laws governing the food safety and quality control, including standards, hygiene, import and export, advertisement and accreditation of laboratories. The objective is to protect the public from health hazards and fraud in the preparation, sale and use of foods and for other related matters. The legislation, applies to all foods, locally produced or imported which are sold in the country. It covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

The Food Hygiene Regulations governs and control the hygiene and safety of food sold in Malaysia. The objectives are to ensure food premises are hygienic and satisfactory in terms of design and building, ensure food handlers maintain personal hygiene and avoid practices that can contaminate food, and amongst others to provide for requirement of mandatory food safety assurance programmes in food manufacturing factories. Under the Food Hygiene Regulations, no person shall use any food premises for the purposes of preparing, packaging, storing, distributing or sale of any food except where the premises is registered under Food Hygiene Regulations. Any person who fails to comply with the above commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding 2 years.

As at the LPD, our Group is in compliance with the requirements of FA 1983, FR 1985 and Food Hygiene Regulations. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to FA 1983, FR 1985 and Food Hygiene Regulations save for the incidents as disclosed in Notes (4) and (5) in Section 6.20 of this Prospectus.

6.24.2 Local Government Act 1976 ("LGA 1976"), Local Authorities Ordinance 1996 ("LAO 1996") of Sarawak, Businesses, Professions and Trades Licensing Ordinance 1958 ("BPTLO 1958") of Sarawak

Under the LGA 1976, the LAO 1996 and BPTLO 1958 of Sarawak, and the by-laws of the respective local councils and authorities, our business operation premises are required to have business signboard/advertising licences which include among others, business premise licences in relation to our retail outlets, kiosks, signboards and storage. We are also required to display the licences at the business premises, and produce the licences upon request.

Pursuant to the LGA 1976, any person who fails to exhibit or produce his licences on the premises shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding 6 months or both. A similar penalty provision is also found in the LAO 1996 of Sarawak where an absolute fine of RM10,000 will be imposed on those who are found guilty of such offence. In Sarawak, the BPTLO 1958 imposes an absolute fine of RM1,000 on persons who are found guilty of carrying out business without a valid business licence; and the Local Authorities (Advertisements) By-Laws 2012 imposes a fine of not more than RM5,000 and imprisonment of not more than 6 months for not having a signboard licence for such non-compliance if found guilty, and in the case of a continuing offence, a further fine not exceeding RM200 for each day during which the offence continues.

6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, save as disclosed in Section 6.20.2 of this Prospectus, our Group has valid business and/or signboard licences issued by the respective local authorities. For the Financial Years Under Review and up to the LPD, our Group has not been imposed with any fines or penalties by the respective local authorities in relation to the business, signboard/advertising licences requirements.

6.24.3 National Land Code (“NLC”), Town and Country Planning Act 1976 (“TCPA 1976”), Street, Drainage and Building Act 1974 (“SDBA 1974”), Uniform Building By-Laws 1984 (“UBBL 1984”) and Buildings Ordinance 1994 (“BO 1994”)

In the course of our business operations, we are required to ensure that the properties rented by our Group or properties we may own for our business operations comply with the NLC, TCPA 1976, SDBA 1974, UBBL 1994 and the relevant by-laws issued pursuant thereto which regulate among others the occupation of buildings and uniformity of local government matters relating to street, drainage and buildings.

NLC

The NLC governs land matters within Peninsular Malaysia, where most of our outlets are situated. Under the NLC, tenancies may be granted for terms not exceeding 3 years. There is no registration requirement for tenancies under the NLC but the interest of a tenant under a tenancy exempt from registration can be protected by way of an endorsement on the document title to the land.

TCPA 1976

The TCPA 1976 governs the proper control and regulation of town and country planning in Peninsular Malaysia and regulates among others modifications to planning permissions and building plan approvals issued by local authorities. Under the TCPA 1976, Section 18 prohibits a person to use or be permitted to use any land or building otherwise than in conformity with the local plan. Section 26 of the TCPA 1976 states that a person who, whether at his own instance or at the instance of another person uses or permits to be used any land or building in contravention of Section 18 commits an offence and is liable, on conviction to a fine not exceeding RM500,000 and/or to imprisonment for a term not exceeding 2 years, and be subject to additional daily fines which may extend to RM5,000 for each day during which the offence continues after the first conviction for the offence. Section 26 also further states that the owner of the land in respect of which any act that constitutes such offence is done shall be deemed to have permitted the doing of that act. Section 27(7) of the TCPA 1976 also grants a local authority the discretion to impose additional planning permission application fees as prescribed by the local authority on a person who carries out any development (including building on land, making of any material change in the use of land or building) without prior planning permission being obtained from the local authority.

SDBA 1974 and UBBL 1984

The SDBA provides uniformity of law and policy with regard to local government matters relating to street, drainage and buildings in Peninsular Malaysia. It provides for the requirement to have a CF or CCC to ensure that the building is safe and fit for occupation. The UBBL 1984 is a subsidiary legislation made under the SDBA 1974.

6. INFORMATION ON OUR GROUP (Cont'd)

Pursuant to the SDBA 1974, prior written permission of the local authority is required among others for any partition, compartment, loft, roof, ceiling or other structures built in a building, any deviation from the any plans or specifications approved by the local authorities, or any alteration to a building otherwise than allowed by the local authority or by-laws made under the SDBA 1974. Failure to obtain the local authorities' prior written permission for the above may subject the person in breach to fines or imprisonment or both, if convicted. Depending on the applicable provisions of the SDBA 1974 in breach, the maximum fines may range from RM25,000 to RM50,000 and additional daily fines for continuing offences after conviction, and the maximum imprisonment term may be up to 3 years. The SDBA 1974 also stipulates that any person who occupies a building or any part of a building without a CF or CCC may be subject to a fine of RM250,000 and/or imprisonment for up to 10 years, if convicted.

Sarawak

In Sarawak, the BO 1994 governs the laws relating to buildings in the state. Pursuant to the Building By-Laws contained in the BO 1994, no person shall occupy or permit to be occupied any building or any part thereof unless an occupation permit has been issued. Any failure to comply with the BO 1994 render such person guilty of an offence and subject to a fine of not exceeding RM10,000 and additional daily fines not exceeding RM300 during which the offence is continued after notice to cease occupying the building has been issued.

Under the BO 1994, any person who makes any alteration to any building otherwise than is provided under the ordinance or without the prior permission of the local authority shall be liable to a fine of RM1,000 and the court shall on the application of the local authority issue a mandatory order requiring such person to alter the building in any way or to demolish it. Further, any person who uses any building or part of a building for a purpose other than which it was originally constructed for without the prior written permission from the local authority shall be guilty of an offence. Upon conviction, such person will be liable to a fine of RM1,000 and additional daily fines of RM100 during which the offence is continued after a notice to cease using for other purpose has been served.

Please see Section 6.19 of this Prospectus for further details of our status of compliance in relation to the rented accommodations which our foreign workers occupy and Section 6.23 of this Prospectus in relation to our head office and warehouse, cafes and specialty store as at the LPD.

6.24.4 Occupational Safety and Health Act 1994 ("OSHA 1994")

The OSHA 1994 provides provisions for securing the safety, health and welfare of persons at work, protecting others against risk to safety or health in connection with the activities of persons at work. The OSHA 1994 applies to all places of work throughout Malaysia including in the public service and statutory authorities, save for the work specified in the First Schedule of the OSHA 1994.

The OSHA 1994 provides that it is the duty of every employer to ensure the safety, health and welfare at work of all his employees, so far as is practicable, in particular:

- (a) the provision and maintenance of plant and systems of work that are safe and without risks to health;
- (b) the making of arrangements for ensuring safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (c) the provision of such information, instruction training and supervision as is necessary to ensure the safety and health at work of his employees;

6. INFORMATION ON OUR GROUP (Cont'd)

- (d) as regards any place of work under the control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (e) the provision and maintenance of a working environment for his employees that is safe, without risks to health, and adequate as regards facilities for their welfare at work; and
- (f) the development and implementation of procedures for dealing with emergencies that may arise while his employees are at work.

Non-compliance of the above will result in an offence and on conviction would constitute to a fine not exceeding RM500,000 and/or to imprisonment for a term not exceeding 2 years. We also have a duty to ensure, in so far as is practicable, that other persons, not being our employees, who may be affected, are not exposed to risks to their safety or health.

As at the LPD, our Group is in compliance with the OSHA 1994. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the OSHA 1994.

6.24.5 Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSHA 1990") and Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("EMSHA Regulations")

The EMSHA 1990 and the EMSHA Regulations issued under the EMSHA 1990, imposes, among others, the minimum standards on accommodation for employees and the requirement for accommodation provided to employees to be certified with a certificate of accommodation from the Department of Labour Peninsular Malaysia. An application for the certificate of accommodation may be made by an employer or a centralised accommodation provider to the Department of Labour Peninsular Malaysia.

To obtain a certificate of accommodation, an employer or a centralised accommodation provider is required to ensure that every accommodation provided for employees complies with the minimum standards which includes among others, the minimum space requirement for workers' accommodation, basic facilities, as well as safety and hygiene standards required under the EMSHA 1990 or any regulations made thereunder. Pursuant to the EMSHA 1990, failure to obtain such certification may constitute to a fine not exceeding RM50,000 with respect to each employees' accommodation without a certificate of accommodation.

As at the LPD, the accommodation provided to our 257 foreign workers have been issued with valid Certificate(s) of Accommodation. Please see Section 6.19 of this Prospectus for further details.

6.24.6 Personal Data Protection Act 2010 ("PDPA 2010")

The PDPA 2010 regulates the processing of personal data in commercial transactions and to provide for matters connected therewith and incidental thereto. The PDPA 2010 applies to (a) any person who processes and (b) any person who has control over or authorises the processing of any personal data in respect of commercial transactions ("**Data User**").

The processing of personal data by a Data User must be in compliance with various personal data protection principles, namely (a) the General Principle; (b) the Notice and Choice Principle; (c) the Disclosure Principle; (d) the Security Principle; (e) the Retention Principle; (f) the Data Integrity Principle; and (g) the Access Principle (collectively, "**the Personal Data Protection Principles**"). A Data User who contravenes the Personal Data Protection Principles commits an offence and shall, on conviction, be liable to a fine not exceeding RM300,000 and/or to imprisonment for a term not exceeding 2 years.

6. INFORMATION ON OUR GROUP (Cont'd)

In the course of our Group's business, we collect the personal data of our employees and members who signed up for our Group's membership programme. Although our Group does not fall within the classes of data users identified under the Personal Data Protection (Class of Data Users) Order 2013 which are required to be registered as Data Users under the PDPA 2010, we are nonetheless required to comply with the PDPA 2010.

In this regard, our Group has adopted the personal data protection policies which are in line with the PDPA 2010. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the PDPA 2010.

6.24.7 Trade Descriptions Act 2011 ("TDA 2011"), Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011

The TDA 2011 is enforced by the Ministry of Domestic Trade and Consumer Affairs and provides protection for traders and consumers from unhealthy trade practices. The TDA 2011 aims to facilitate good trade practices and protect the interest of consumers by eliminating false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services.

Pursuant to Section 5 of the TDA 2011, any person who:

- (a) applies a false trade description to any goods;
- (b) supplies or offers to supply any goods to which a false trade description is applied; or
- (c) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied,

commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

Under the Trade Descriptions (Definition of Halal) Order 2011 and Trade Descriptions (Certification and Marking of Halal) Order 2011, which forms part of the TDA, JAKIM is authorised to certify any food, goods or services as "Halal". Halal certificates issued by JAKIM shows that a product is qualified to be consumed by Muslims, which means that the food or goods does not contain any harmful or any part of matter that was forbidden by the Shariah law.

A body corporate in contravention with the Trade Descriptions (Definition of Halal) Order 2011 shall be guilty of an offence and on conviction, be liable for a fine not exceeding RM5 million, and for a second or subsequent offence, to a fine not exceeding RM10 million.

A body corporate in contravention with the Trade Descriptions (Certification and Marking of Halal) Order 2011 shall be guilty of an offence and on conviction, be liable for a fine not exceeding RM200,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

In the course of carrying out our business operations, our Group is required to ensure that we practice good trade practices and in particular, to ensure that trade descriptions of the goods and services that we supply are not misleading to our customers. As at the LPD, our Group is in compliance with the requirements of the TDA 2011. For the Financial Years Under Review and up to the LPD, our Group has not been issued with any penalties pursuant to the TDA 2011.

6. INFORMATION ON OUR GROUP (Cont'd)

(B) Singapore

In November 2024, our joint venture company in Singapore, Paradise Oriental had established a cafe at Bugis Junction, Singapore.

The joint venture company Paradise Oriental, and our subsidiary Oriental Kopi Global (a 30% shareholder of Paradise Oriental) are subject to the laws and regulations in Singapore relevant to the operations of its business among others including: the Environmental Public Health Act 1987 in relation to food establishment licences; the Environmental Public Health (Food Hygiene) Regulations in relation to cleanliness and upkeep of the cafe premises, registration of food handling personnel; Workplace Safety and Health Act 2006 in relation to safe working environments for employees; as well as Personal Data Protection Act 2012 in relation to personal data collection and protection.

Please refer to Section 6.18.2.1 of this Prospectus for details of the joint venture in relation to Paradise Oriental, as well as Section 8.1.9 of this Prospectus in relation to the risks associated with our Group's expansion into foreign countries.

6.25 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We recognise the importance of ensuring environmentally responsible operations, providing a conducive workplace for our employees and adopting a high standard of corporate governance in shaping our Group's future growth and development. Our Group's sustainability efforts are guided by our sustainability policy. We have implemented and are in the midst of implementing the following practices:

(i) Environmental

Our Group aims to integrate sustainable practices into our business operations to minimise our impact on the environment. The measures that we have taken or plan to take including the following:

- (a) we are embracing recycling initiatives by gradually phasing out single-use plastics. Currently, we use recyclable and/or reusable packaging, such as paper food containers and packaging for takeaway and online sales. Additionally, we have introduced reusable bags for eligible customers to reduce reliance on single-use bags. We also encourage customers to bring their own containers and use recyclable and/or reusable bags.
- (b) we have actively participated in environmental campaigns and initiatives organised by mall management for our cafes located in shopping malls such as Mid Valley Megamall and Pavilion Bukit Jalil Mall. Our cafe employees separate leftover food from customers and food waste from preparation, and deliver it to designated locations identified by the mall management, where it is converted into organic waste. The respective mall management treats this organic food waste to produce fertiliser.
- (c) we recognise that a high concentration of oil and grease in wastewater accelerates the buildup of sillage in the drainage system, potentially leading to river pollution. When solid food is not separated during dishwashing, it is flushed down along with the sillage. To comply with local authorities' requirements and reduce pollution, we have installed oil and grease (FOG) traps in all our cafes. These traps help prevent sillage from clogging sewers and affecting the performance of sewage treatment systems.

6. INFORMATION ON OUR GROUP (Cont'd)

- (d) recycling used cooking oil safeguards against improper disposal, which could otherwise result in environmental pollution. Our cafe employees diligently collect the used cooking oil and arrange for its proper handling and repurposing, effectively reducing our environmental impact.

(ii) Social

The safety and health of our employees are our priorities, specifically on mitigating any safety and health risks at our workplace to create a healthy and productive environment. As part of our social initiatives and within our workplace, we are committed to:

- (a) establishing a safe, healthy, and nurturing work environment for our employees;
- (b) eliminating inappropriate behaviours and practices, such as workplace bullying, discrimination based on individual differences, discriminatory or sexual harassment, intimidation, and victimisation;
- (c) ensuring equal access to opportunities for all employees, irrespective of age, gender, ethnicity, religion, national origin, sexual orientation, disability, or any other pertinent characteristic;
- (d) upholding fundamental workers' rights by eradicating all forms of child labour and forced labour;
- (e) empowering our workforce by facilitating their personal development; and
- (f) cultivating a diverse and inclusive culture that embraces and celebrates individuality.

Our Group organises company recreational events, including employee birthday celebrations, bowling tournaments, weekly badminton sessions, movie nights, and festival events such as the Mooncake Festival, Chinese New Year, and Hari Raya Aidilfitri. These gatherings facilitate team bonding and cultural exchange, enabling everyone to embrace and celebrate the diverse cultural heritage and traditions within our organisation. Through these activities, we cultivate a sense of unity, respect, and appreciation among our employees.

(iii) Governance

Our Group recognises that high standard of corporate governance is the foundation upon which we build a sustainable business. In essence, we are committed to conduct our business ethically and ensure compliance with all relevant laws and regulations that govern our business operations.

As at the LPD, our Group has adopted the following recommendations under the MCCG:

- (a) at least half of our Board members are independent directors;
- (b) at least 30% of our Board members are women directors;
- (c) our ARMC comprises solely independent directors; and
- (d) our Independent Non-Executive Chairman is not a member of any of our board committees.

6. INFORMATION ON OUR GROUP (Cont'd)

In addition, our Group has embraced a zero-tolerance stance on bribery, and as such, we have implemented comprehensive policies and procedures to ensure strict adherence to the Malaysian Anti-Corruption Commission Act 2009. Additionally, to enhance transparency in our business operations, we have implemented a whistleblowing policy. These initiatives are designed to promote the reporting of misconduct by individuals involved.

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7. IMR REPORT



12 December 2024

The Board of Directors
Oriental Kopi Holdings Berhad
No. 39, Jalan TPP 3
Taman Perindustrian Putra
47310 Puchong
Selangor

Vital Factor Consulting Sdn Bhd
Company No.: 199301012059 (266797-T)
V Square @ PJ City Centre (VSQ)
Block 6 Level 6, Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel: (603) 7931-3188
Fax: (603) 7931-2188
Email: enquiries@vitalfactor.com
Website: www.vitalfactor.com

Dear Sirs and Madams

Independent Assessment of the Food and Beverage Services, and Distribution and Retailing of Consumer-Branded Packaged Food Industries

We are an independent business consulting and market research company based in Malaysia. We commenced our business in 1993 and, among others, our services include the provision of business plans, business opportunity evaluations, commercial due diligence, feasibility studies, financial and industry assessments, and market studies. We have also assisted in corporate exercises since 1996, having been involved in initial public offerings, reverse takeovers, transfers to Main Market, and business regularisations for public listed companies on Bursa Malaysia Securities Berhad (Bursa Securities) where we acted as the independent business and market research consultants. Our services for corporate exercises include business overviews, independent industry assessments, management discussion and analysis, and business and industry risk assessments.

We have been engaged to provide an independent assessment of the above industry for inclusion in the prospectus of Oriental Kopi Holdings Berhad for the listing of its shares on the ACE Market of Bursa Securities. We have prepared this report independently and objectively, and have taken all reasonable consideration and care to ensure the accuracy and completeness of the report. It is our opinion that the report represents a true and fair assessment of the industry within the limitations of, among others, the availability of timely information and analyses based on secondary and primary market research as at the date of this report. Our assessment is for the overall industry and may not necessarily reflect the individual performance of any company. We do not take any responsibility for the decisions, actions or inactions of readers of this document. This report should not be taken as a recommendation to buy or not to buy the securities of any company.

Our report may include information, assessments, opinions and forward-looking statements, which are subject to uncertainties and contingencies. Note that such statements are made based on, among others, secondary information and primary market research, and after careful analysis of data and information, the industry is subject to various known and unforeseen forces, actions and inactions that may render some of these statements to differ materially from actual events and future results.

Yours sincerely

Wong Wai Ling
Director

Wong Wai Ling has a Bachelor of Arts degree from Monash University, Australia and a Graduate Diploma in Management Studies from the University of Melbourne, Australia. She has more than 20 years of experience in business consulting and market research including assisting companies in their initial public offerings and listing of their shares on Bursa Malaysia Securities Berhad.

7. IMR REPORT (Cont'd)

Date of Report: 12 December 2024

**INDEPENDENT ASSESSMENT OF THE FOOD AND BEVERAGE SERVICES, AND
DISTRIBUTION AND RETAILING OF CONSUMER-BRANDED PACKAGED FOOD INDUSTRIES**

1. INTRODUCTION**Overview of Oriental Kopi Group's business**

- Oriental Kopi Holdings Berhad together with its subsidiaries (Oriental Kopi Group), is mainly a cafe chain operator involved in the provision of non-alcoholic food and beverage (F&B) services in Malaysia, which will form the focus of this report. Oriental Kopi Group also distributes and retails consumer-branded packaged foods, for which this report will provide some coverage.
- In this report, all beverages include alcoholic beverages, coffee bean refers to green or unroasted coffee bean, information and data are specific to Malaysia, and all references to gross domestic product (GDP) refer to nominal GDP, unless stated otherwise. This report primarily discusses the 3-year compound annual growth rate (CAGR) data as it represents a more recent industry performance compared to the 5-year CAGR. Nevertheless, 3-year and 5-year CAGR data are provided, where available.

2. INDUSTRY OVERVIEW**2.1 Food and beverage services**

- F&B services encompass the full process of preparing, presenting, and serving food and drinks to customers across a range of establishments including the following:
 - **cafes and coffee shops** focus on the provision of hot and cold beverages and some combinations of light meals, pastries, snacks, and desserts with on-premises dining in a casual setting. Dessert shops also fall within this category;
 - **restaurants** typically focus on providing food services in a sit-down dining setting, providing a variety of menu options. These establishments have dine-in facilities with table services. They generally focus on a more formal setting compared to cafes and coffee shops, while some may adopt a casual setting focusing on quick service and takeaway services;
 - **F&B service centres** refer to establishments with multiple independent food vendors offering casual dining or takeaway meals. This includes food courts in shopping malls, indoor and open-air food service centres, as well as canteens;
 - **food vendors** are standalone operations with no or limited seatings in a casual setting such as hawkers, food trucks and food kiosks;
 - **non-alcoholic beverage service establishments** specialise in providing beverages with minimal or no food services. Beverages offered include, among others, tea, milk tea, bubble tea, smoothies, yoghurt drinks and juices;
 - **alcoholic beverage service establishments** such as bars, pubs and lounges focus on alcoholic beverages supplemented by other beverages and food; and
 - **off-premises F&B service establishments** such as catering and online only.

7. IMR REPORT (Cont'd)



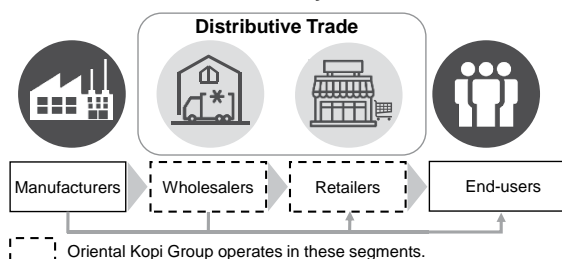
The categorisation of establishments may sometimes overlap, such as cafes and restaurants. Oriental Kopi Group is involved in the operations of its own brand of cafe chain in Malaysia.

2.2 Distribution and retailing of consumer-branded packaged foods

- The distributive trade encompasses all activities and linkages in the intermediary stage that channel goods for resale (known as **wholesale trade**) or direct consumption by end-users (known as **retail trade**).

- The value chain of the consumer-branded packaged foods industry begins with **manufacturers** undertaking the production process. The finished goods are then sold to **wholesalers** for distribution, which may involve breaking bulk, packaging, branding, storage and transportation to **retailers** such as supermarkets, hypermarkets and minimarkets for sale to **end-users**. Wholesalers may also sell their products to other wholesalers for resale, while some may have their own retail network for selling to end-users, including through online platforms. In some cases, manufacturers may also sell their products directly to retailers and end-users. Oriental Kopi Group operates within the distributive trade industry, serving as both a wholesaler and retailer. It does not carry out any manufacturing activities.

Value chain of the consumer-branded packaged foods industry



Wholesalers may also sell their products to other wholesalers for resale, while some may have their own retail network for selling to end-users, including through online platforms. In some cases, manufacturers may also sell their products directly to retailers and end-users. Oriental Kopi Group operates within the distributive trade industry, serving as both a wholesaler and retailer. It does not carry out any manufacturing activities.

- Consumer-branded packaged food is a segment within the broader consumer-branded packaged goods, sometimes referred to as fast-moving consumer goods. Consumer-branded packaged foods refer to foods that are branded and in retail packaging in sizes targeted for end-user consumption such as individuals, homes or organisations. It is commonly processed products in a final form that is significantly different from its original raw materials or primary food products. Consumer-branded packaged foods commonly exclude fresh produce.

- Generally, the consumer-branded packaged foods industry can be segmented as follows:
 - **dry food and beverages** include all packaged foods and beverages that can be stored at ambient temperature. They include snacks, confectioneries, oils and fats, baked products, cereals, powdered and condensed milk, hot drinks (such as packaged coffee and tea in powder or ready-to-drink form), drinks, pasta and noodles, sauces and dressing, spices and condiments, and others;
 - **chilled food** refers to perishable items that are stored in temperature-controlled chillers to delay the quality deterioration of foods for consumption. Examples include, among others, dairy products, desserts, prepared meals and ready-to-cook food; and
 - **frozen food** refers to perishable items that are stored in freezers to prolong storage time and preserve the food quality for later preparation or consumption. Examples include, among others, ice cream, processed food, prepared meals and ready-to-cook food.

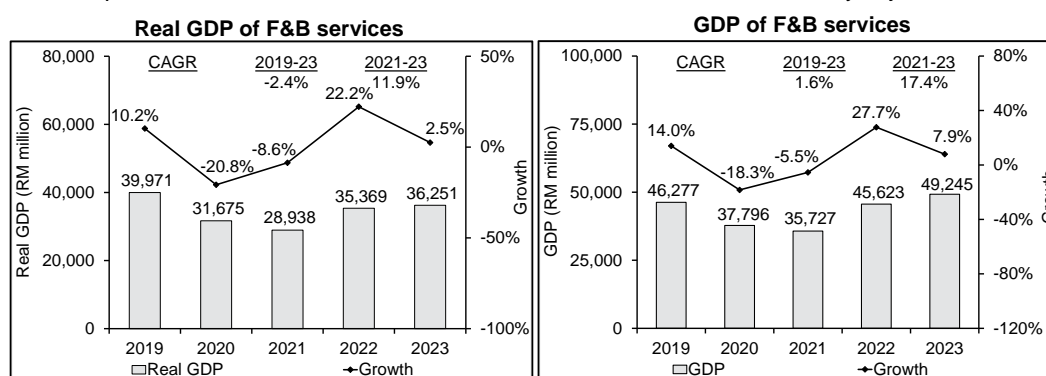
7. IMR REPORT (Cont'd)



- Oriental Kopi Group is involved in the distribution of dry foods and beverages to resellers including wholesalers and retailers such as supermarkets, hypermarkets, minimarkets, and health and beauty stores. It also carries out retailing through its in-cafe sales, specialty retail store and online platforms including its own website and third-party platforms.

3. PERFORMANCE OF THE F&B SERVICES INDUSTRY

- GDP measures the gross value added to the output of goods and services in a country or sector during a specified period. Real GDP is a measure of “real” changes in output over time, due to changes in the quantity of goods and services produced, rather than changes in their prices due to inflation or deflation. Nominal GDP is the value without any adjustments.



(Source: Department of Statistics, Malaysia (DOSM))

- F&B services encompass activities relating to food services, catering services and beverage services. Between 2021 and 2023, the real GDP of F&B services grew at a CAGR of 11.9%. Growth in 2022 was in part due to the recovery in domestic demand following the reopening of economy, while growth in 2023 was mainly attributed to the partial recovery in tourism spending (Source: Vital Factor analysis). Despite the growth, the real GDP of F&B services remained below its pre-COVID-19 levels in 2019. In the first nine months of (9M) 2024, the real GDP of F&B services continued to grow by 3.7% compared to 9M 2023 (Source: DOSM).

Average monthly household consumption expenditure on restaurants and cafes

	Malaysia RM/month	Kuala Lumpur RM/month	Selangor RM/month	Johor RM/month
2019	604	1,024	866	626
2022	732	1,316	1,174	622
CAGR (2019-2022)	6.6%	8.7%	10.7%	-0.2%

Latest available data. (Source: DOSM)

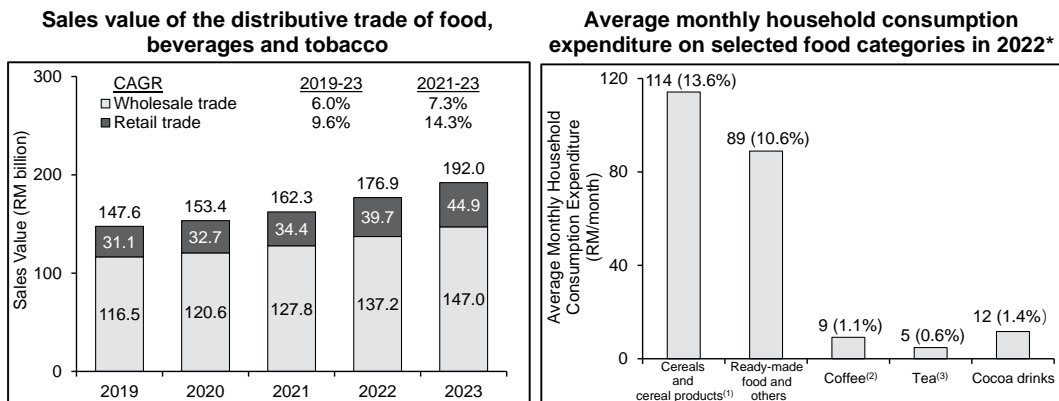
- The household consumption expenditure on restaurants and cafes is indicative of the demand for F&B services. Between 2019 and 2022, the average monthly household consumption expenditure on restaurants and cafes in Malaysia grew at a CAGR of 6.6%, indicating an increasing trend of consumers dining outside their homes.
- Oriental Kopi Group's cafes are mainly located in Kuala Lumpur, Selangor and Johor. In Malaysia, Kuala Lumpur and Selangor were the top 2 state/territory with the highest average monthly household consumption expenditure on restaurants and cafes in 2022 (Sources: Vital Factor analysis and DOSM).

7. IMR REPORT (Cont'd)



4. PERFORMANCE OF THE DISTRIBUTION AND RETAILING OF CONSUMER-BRANDED PACKAGED FOODS INDUSTRY

- The following section provides some indication of the performance of the distribution and retailing of consumer-branded packaged foods. The sales value of the wholesale and retail trade of food, beverages and tobacco experienced CAGR of 7.3% and 14.3% respectively between 2021 and 2023, and continued to grow by 6.3% and 7.6% respectively in 9M 2024 compared to 9M 2023. Overall, the average monthly household consumption expenditure on F&B amounted to RM841 per month in 2022. (Source: DOSM)



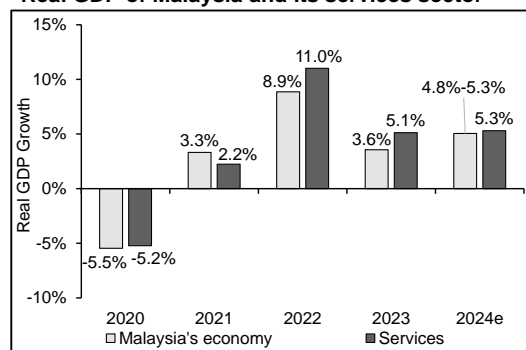
* Latest available data. **Notes:** (1) Cereals refer to seeds or grains such as rice, wheat, barley, oats, corn and millet, while cereal products include food items derived from cereals or their derivatives, such as bread, pasta, noodles and baked goods; (2) Includes coffee substitutes; (3) Includes mate and other plant products for infusion. (Source: DOSM)

5. DEMAND DEPENDENCIES

5.1 Economic conditions, household income and inflation

- The overall health of the economy has an impact on disposable income and consequently, the demand for both F&B services and products. As the economy grows, employment levels and consumer confidence will increase, leading to higher levels of household spending. In addition, growth in household income will drive discretionary spending, such as food away from home, dining out at restaurants or purchasing takeaway meals from F&B outlets.

Real GDP of Malaysia and its services sector ⁽¹⁾



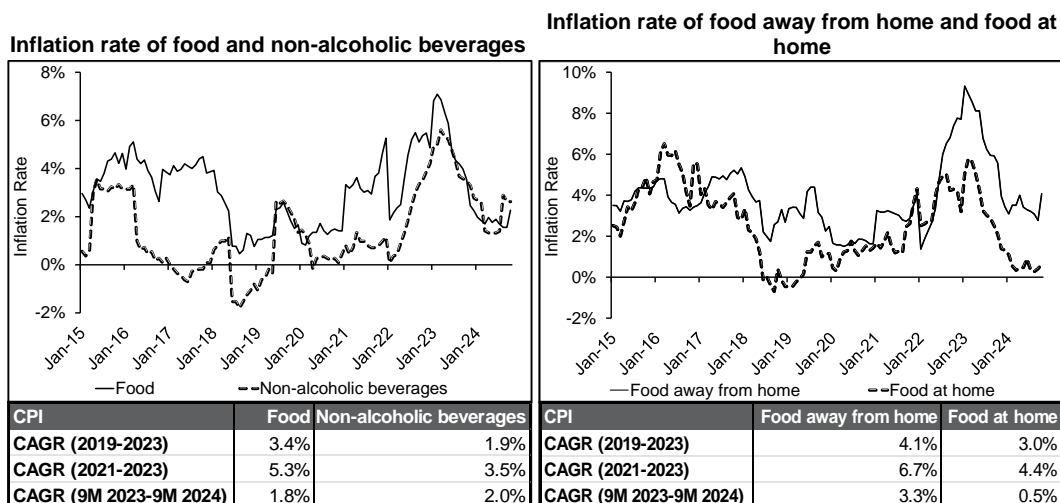
Note: (1) F&B services is a subsector of the services sector. (Source: DOSM and BNM)

- The real GDP of Malaysia is estimated to grow between 4.8% and 5.3% in 2024, supported by robust domestic demand and recovery in exports (Source: Ministry of Finance (MOF)). In 9M 2024, the real GDP of Malaysia grew by 5.2% compared to 9M 2023, mainly driven by higher household spending, improvements in exports and stronger investment activities. (Source: DOSM and BNM).

7. IMR REPORT (Cont'd)



- In terms of household income, the average monthly household disposable income experienced a CAGR of 1.7% between 2019 and 2022, based on the latest available data (Source: DOSM). This provides opportunities for operators involved in F&B services.
- Nevertheless, the inflation rate, as measured by the annual percentage change in the consumer price index (CPI), may weigh on consumer spending. Higher inflation rate reduces consumers' purchasing power, which results in lower consumer confidence and decreased discretionary spending.
- Between 2021 and 2023, the CPI of food and non-alcoholic beverages increased at a CAGR of 5.3% and 3.5% respectively. Within the food segment, the CPI of food away from home increased at a higher CAGR of 6.7% compared to that of food at home, which increased at a CAGR of 4.4%, between 2021 and 2023.



Note: Food includes food away from home and food at home. (Source: DOSM)

5.2 Tourist arrivals

- Tourist arrivals can contribute to the demand for F&B services as they often seek out local cuisine and various dining experiences, especially in areas with high tourism activities.
- Between 2021 and 2023, the number of tourist arrivals in Malaysia experienced a CAGR of 1144.7% due to the recovery in the tourism sector. This corresponded with the CAGR of 1623.6% in tourist receipts during the same period. The reopening of China's international borders provided further impetus to tourism activities in Malaysia (Source: BNM). The recovery in tourism activities will support consumer-related sectors including F&B services.

	Arrivals (million)	Receipts (RM billion)
2019	26.1	86.1
2020	4.3	12.7
2021	0.1	0.2
2022	10.1	28.2
2023	20.1	71.3
CAGR (2019-2023)	-6.3%	-4.6%
CAGR (2021-2023)	1144.7%	1623.6%

(Source: Ministry of Tourism, Arts and Culture, Malaysia)

- In 9M 2024, the number of tourist arrivals in Malaysia grew by 27.0% to 18.4 million tourists, compared to 9M 2023. In terms of tourist receipts, there was a 50.8% growth to RM45.4 billion in the first half of (H1) 2024, compared to H1 2023. (Source: Ministry of Tourism, Arts and Culture, Malaysia)

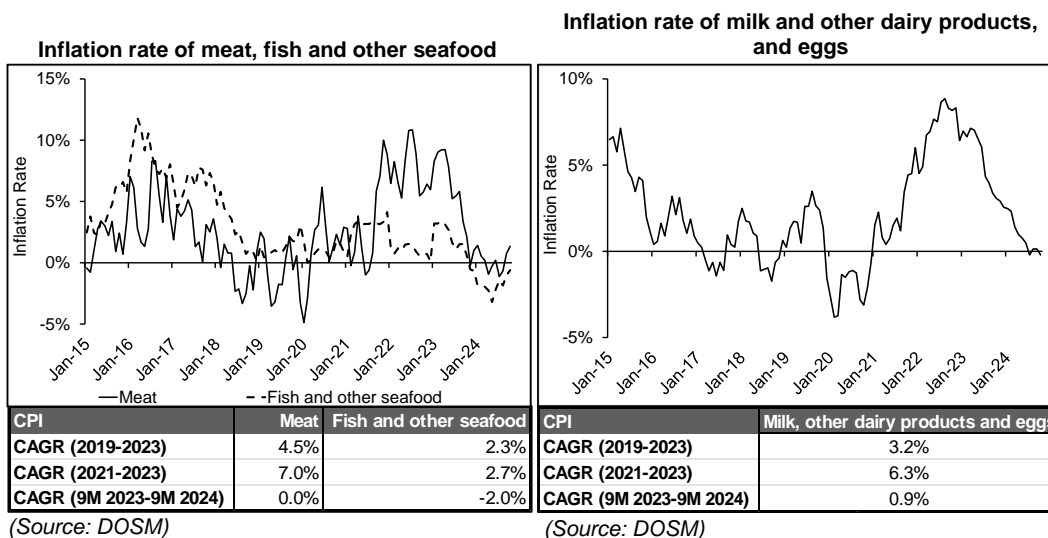
7. IMR REPORT (Cont'd)



6. SUPPLY DEPENDENCIES

6.1 Cost of ingredients

- As an operator of cafe chain, the food ingredients used by Oriental Kopi Group include, among many others, fresh meat and seafood products, milk and other dairy products, and eggs. As such, the cost of these ingredients will directly impact the overall cost of F&B services of Oriental Kopi Group as well as other operators of F&B services.

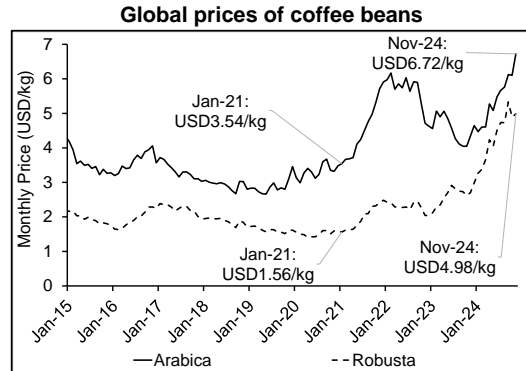


- Between 2021 and 2023, the CPI for meat, fish and other seafood, as well as milk, other dairy products and eggs experienced increases. Particularly, the segments of meat, as well as milk, other dairy products and eggs, noted higher CAGR of 7.0% and 6.3% respectively, compared to that of fish and other seafood which grew at a CAGR of 2.7% during the period.
- In 2022, the prices of chicken and eggs increased mainly due to global supply disruptions caused by the Russia-Ukraine war, leading to high chicken feed costs. In response, the government of Malaysia implemented a price control scheme and subsidies for chicken and eggs from February 2022 onwards. Subsequently, the price controls and subsidies on chicken were removed in November 2023 as prices stabilised.
- In addition, other measures introduced by the Government to stabilise prices included, among others, the abolishment of the Approved Permit (AP) requirement for whole chicken and chicken parts on 18 May 2022 to allow the import of day-old chick or fertile eggs from New Zealand and Australia to ensure adequate replacement stocks for hens, and permitting the importation of chicken eggs from a new source country namely, Thailand. (Source: Vital Factor analysis)
- Oriental Kopi Group's products and services include coffee beverages served in its cafes, as well as distribution and retail of consumer-branded packaged coffee. The fluctuations in coffee bean prices will thus impact Oriental Kopi Group and other similar operators.
- In terms of global coffee bean prices, Arabica coffee beans experienced an upward trend since January 2021 primarily attributed to the production shortfall in Brazil, before decreasing in the fourth quarter of 2022 amid expectations of an increase in production.

7. IMR REPORT (Cont'd)



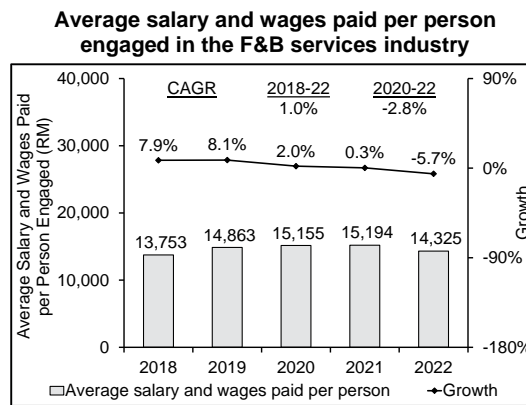
The continued decline in the global price of Arabica coffee beans in 2023 reflected favourable supply conditions in Brazil and Colombia. In 2024, the global price of Arabica coffee beans has been increasing to USD6.72/kg in November 2024. This was mainly attributed to unfavourable weather conditions in Brazil which disrupted coffee bean production. (Source: Vital Factor analysis)



- As for Robusta coffee beans, the global price experienced a CAGR of 15.1% between 2021 and 2023. The increase in 2021 was mainly attributed to dry weather conditions and mobility restrictions imposed in Vietnam, which is a major Robusta coffee bean producer. After some fluctuations in 2022, the global price of Robusta coffee beans further increased in 2023 due to a decline in Indonesia and Uganda’s production. In 2024, the global price of Robusta coffee beans has been increasing to USD4.98/kg in November 2024. This was mainly attributed to supply shortfalls from Vietnam amid adverse weather conditions. (Source: Vital Factor analysis)

6.2 Labour cost and supply

- Salaries and wages typically represent a significant proportion of F&B services. Between 2020 and 2022, being the latest available information, the average salary and wages paid per person engaged in the F&B services industry declined at an average annual rate of 2.8%.
- Effective February 2025, the minimum monthly wage in Malaysia will increase from RM1,500 to RM1,700 for employers with 5 or more employees. For employers with fewer than 5 employees, the increase will take effect from August 2025 onwards (Source: MOF). The expected increase in the minimum wage will result in higher operational costs for F&B service operators.



Latest available data. (Sources: DOSM and Vital Factor analysis)

- Policies relating to the supply of foreign workers in Malaysia will also impact the availability of labour for F&B service operators. Since March 2023, there has been a freeze on foreign worker applications and approvals, which is still in effect as of the report date.

7. PERFORMANCE OF THE F&B SERVICES INDUSTRY IN SINGAPORE

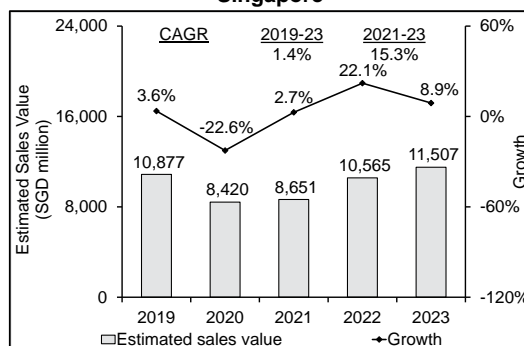
- As part of Oriental Kopi Group's strategies involve expanding its cafe chain operations to Singapore, this section will provide some information on the Singapore F&B services industry.

7. IMR REPORT (Cont'd)



- Between 2021 and 2023, the estimated sales value of F&B services in Singapore grew at a CAGR of 15.3%, with the estimated sales value exceeding its pre-COVID-19 level in 2019. In 2023, the estimated sales value of F&B services in Singapore was SGD11.5 billion, representing the potential addressable market for F&B service operators. In 9M 2024, the estimated sales value of F&B services in Singapore grew by 2.7% compared to 9M 2023 (Source: Singapore Department of Statistics (SDOS)).

Estimated sales value of F&B services in Singapore



(Source: SDOS)

- As an indication of the level of competition, there were 50,355 food establishments in 2023 comprising food shops, food stalls and hawker stalls, of which 22,747 were food shops including cafes and coffee shops (Source: SDOS).

8. COMPETITIVE LANDSCAPE

8.1 Industry players

- The companies in the table below were selected to facilitate a comparative analysis of their financial performance based on their business activity. The criteria for their selection include the following:
 - involved in operating cafe or coffee shop chain with revenue of at least RM10 million. May include other business activities;
 - focusing on dine-in complemented by takeaway and/or delivery services; and
 - availability of relatively recent financial information.

As there are other F&B service outlets that satisfy the above criteria, not all are listed below. F&B service outlets that mainly serve beverages are not included. The list of companies below is not exhaustive and is sorted in descending order of revenue.

Company	Brand	FYE/FPE ⁽¹⁾	Rev ⁽¹⁾ (RM mil)	GP ⁽¹⁾ (RM mil)	NP/NL ⁽¹⁾ (RM mil)	GP ⁽¹⁾ Margin	NP/NL ⁽¹⁾ Margin
^Berjaya Starbucks Coffee Co. ⁽²⁾	Starbucks Coffee	Jun-23	1,009.1	487.1	118.8	48.3%	11.8%
^Oldtown S/B ⁽³⁾	OldTown	Dec-23	582.8	116.0	32.9	19.9%	5.6%
^The Coffee Bean & Tea Leaf (Malaysia) ⁽⁴⁾	The Coffee Bean & Tea Leaf	⁽⁴⁾ FPE Dec-23	292.3	186.9	-21.8	64.0%	-7.5%
Oriental Kopi Group	Oriental Kopi	Sep-24	277.3	82.8	43.1	29.9%	15.6%
Secret Recipe Cakes & Cafe S/B	Secret Recipe	Dec-23	272.0	151.2	11.1	55.6%	4.1%
Zuspresso (M) S/B	ZUS Coffee	Jun-23	204.1	101.2	10.2	49.6%	5.0%
B-Canyon (M) S/B	Black Canyon	Dec-23	81.4	53.2	4.5	65.4%	5.5%
Dome Cafe S/B	DÔME	Dec-23	52.1	38.2	2.7	73.4%	5.2%
Hometown F&B Holdings S/B	Hometown Hainan Coffee	Dec-23	51.2	34.0	4.9	66.5%	9.6%
^San Francisco Coffee S/B ⁽⁵⁾	San Francisco Coffee	Sep-23	37.0	24.8	-2.7	67.2%	-7.4%
Nasi Lemak Gempak S/B	Ali, Muthu & Ah Hock	Sep-23	36.9	19.8	-2.4	53.7%	-6.6%
Tea Garden Holdings S/B ⁽⁶⁾	Tea Garden, Kuu	Dec-23	35.7	12.5	5.0	34.9%	14.0%

7. IMR REPORT (Cont'd)



Company	Brand	FYE/ FPE ⁽¹⁾	Rev ⁽¹⁾ (RM mil)	GP ⁽¹⁾ (RM mil)	NP/NL ⁽¹⁾ (RM mil)	GP ⁽¹⁾ Margin	NP/NL ⁽¹⁾ Margin
Good Taste Malaysia S/B	Good Taste	⁽⁷⁾ FPE Dec-22	23.0	11.3	3.0	49.3%	13.1%
Kampong Kravers (M) S/B	Ahh-Yum, Kampong Kravers	Dec-23	15.8	9.6	-8.4	60.9%	-53.1%
Weighted average						44.7%[#]	6.8%[@]

[#] (Sum of all companies' GP divided by sum of their revenues) x 100%. [@] (Sum of all companies' NP/NL divided by sum of their revenues) x 100%. [^] A subsidiary of public listed companies; FYE= Financial Year Ended; FPE= Financial Period Ended; Rev=Revenue; GP=Gross Profit; NP=Net Profit; NL= Net loss; mil= million; Co. = Company; S/B= Sendirian Berhad.

Notes:

- (1) Latest publicly available financial information. Derived from the operation of cafe or coffee shop chain, and may include other businesses.
- (2) Berjaya Starbucks Coffee Company Sdn Bhd: A subsidiary of Berjaya Food Berhad (immediate holding company) and Berjaya Corporation Berhad (ultimate holding company), both of which are listed on Bursa Malaysia Securities Berhad (Bursa Malaysia).
- (3) A subsidiary of JDE Peet's N.V., an entity listed on Euronext Amsterdam.
- (4) The Coffee Bean & Tea Leaf (Malaysia) Sdn Bhd: A subsidiary of Jollibee Foods Corporation, an entity listed on Philippine Stock Exchange. Based on the financial period from 26 December 2022 to 31 December 2023.
- (5) A subsidiary of Envictus International Holdings Limited, listed on Singapore Exchange Securities Trading Limited.
- (6) On 1 July 2023, the company acquired 100% equity interest in Tea Garden Management Sdn Bhd, Tea Garden Restaurant Retail Sdn Bhd and Tea Garden Food Supply Sdn Bhd. Prior to this, Tea Garden Management Sdn Bhd was a subsidiary of Kebun Teh Holdings Sdn Bhd.
- (7) Based on 18-month financial period from 1 July 2021 to 31 December 2022.

Appraisal of Oriental Kopi Group compared to the industry

- Based on the above comparative list of companies, Oriental Kopi Group's GP margin is lower than the weighted average. However, Oriental Kopi Group's NP margin is higher than the weighted average.

8.2 Market size and share

2023	Estimated Market Size	Oriental Kopi Group	
	(RM mil)	Revenue (RM mil)	Market Share ⁽¹⁾
F&B services			
Restaurants and cafes [#]	79,449 ⁽²⁾	126.1 ⁽³⁾	Less than 1%
Distribution and retail of consumer-branded packaged foods			
Coffee ⁽⁴⁾	1,000 ⁽⁵⁾	2.0 ⁽⁶⁾	Less than 1%

[#] No further segmentation is available; mil = million.

Notes:

- (1) (Oriental Kopi Group's respective revenue divided by its respective market size) x 100%. (Sources: Oriental Kopi Group and Vital Factor analysis)
- (2) (Average monthly household consumption expenditure on restaurants and cafes x 12 months x number of households) for 2022 multiplied by the 2023 nominal GDP growth rate of F&B services (7.9%) to extrapolate to 2023. Note that the latest available household consumption expenditure is for 2022. (Sources: DOSM and Vital Factor analysis)
- (3) Oriental Kopi Group's revenue from its operation of cafe chain (includes in-store sales of consumer-branded packaged foods) for the financial year ended 31 December (FYE) 2023. (Source: Oriental Kopi Group)
- (4) Coffee has been selected as it contributed the highest revenue to Oriental Kopi Group's consumer-branded packaged food segment.
- (5) (Average monthly household consumption expenditure on coffee x 12 months x number of households) for 2022 multiplied by the 2023 sales value growth rate of wholesale and retail trade of food, beverages and tobacco (8.5%) to extrapolate to 2023. Note that the latest available household consumption expenditure is for 2022. (Sources: DOSM and Vital Factor analysis)

7. IMR REPORT (Cont'd)



- (6) *Oriental Kopi Group's revenue from the distribution and retail of consumer-branded packaged coffee (excludes sales of consumer-branded packaged coffee from its cafe chain operations) for the FYE 2023 (Source: Oriental Kopi Group)*

8.3 Barriers to entry

- The barriers to entry for the F&B services industry are low as demonstrated by the large number of operators amounting to 27,448 food premises registered with the Ministry of Health (MoH) of Malaysia, of which 23,681 were food outlet premises in Malaysia in 2023. Operators are required to comply with applicable laws and regulations, including requirements on proper food handling, storage, sanitation, registration of food premises with the MoH of Malaysia, as well as other licensing requirements. The Halal certification from the Department of Islamic Development Malaysia (JAKIM) also serves as a barrier to entry for businesses targeting Muslim clientele. In addition, initial capital investment is also required for setting up various aspects of food premises, such as leasing suitable locations, renovation, and purchasing kitchen equipment.

9. INDUSTRY OUTLOOK AND PROSPECTS

Consideration factors

- Growth in the **economic performance** of Malaysia including its services industry, driven mainly by domestic demand, will provide opportunities for operators in the F&B services and distribution and retailing of consumer-branded packaged food industries. In 2025, the Malaysian economy is forecasted to grow between 4.5% to 5.5%, with the services sector forecasted to grow by 5.5%. Growth in the Malaysian economy will be driven by resilient external sector and robust domestic demand. Nevertheless, domestic growth remains subject to downside risks from among others, escalation of geopolitical tensions, supply chain disruptions and volatility in financial market conditions. *(Source: MOF)*
- An improvement in **household spending** will also drive demand for F&B services and distribution and retailing of consumer-branded packaged food industries. In 2025, household spending is projected to expand at 5.9% compared to an estimated growth of 5.5% in 2024. Growth in 2024 has been supported by higher disposable income arising from favourable domestic economic activities, continued improvements in labour market conditions and targeted government assistance. *(Source: BNM)*
- The **supply and demand conditions** of the F&B services and distribution of consumer-branded packaged food industries will continue to be impacted by **inflation**. In 2025, headline inflation is forecasted to range between 2.0% and 3.5%. *(Source: MOF)*
- Government policies** including subsidies and taxes, will impact the demand and supply dynamics of F&B industry. Subsidy rationalisation on food items and fuel, and removal of price controls may increase operational costs for F&B product and services, who may subsequently pass on these costs to consumers through higher prices.
- Further recovery in international travel will improve **tourist arrival and spending** in Malaysia, which bodes well for operators in the F&B industry. In 2024, Tourism Malaysia targets 27.3 million tourist arrivals and RM102.7 billion in tourism receipts. This will be driven by flight connectivity and government measures such as promotional activities abroad and the 30-day visa-free travel for nationals from China and India *(Sources: Ministry of Tourism, Arts and Culture, Malaysia and BNM)*.
- Price increases in **key ingredients** will affect menu offerings and profitability of F&B service operators, and distributors and retailers of consumer-branded packaged foods. Nevertheless, some essential food items including sugar, wheat flour and cooking oil, are classified as controlled goods, where their prices are regulated.

8. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS (WHICH MAY OCCUR EITHER INDIVIDUALLY OR IN COMBINATION, AT THE SAME TIME OR AROUND THE SAME TIME) THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE. YOU SHOULD CAREFULLY CONSIDER THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ALONG WITH OTHER INFORMATION CONTAINED IN THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION. IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER.

8.1 RISKS RELATING TO THE BUSINESS AND OPERATIONS OF OUR GROUP**8.1.1 We are reliant on third-party suppliers to produce ingredients for our cafe operations and our brands of packaged food products**

All of our F&B ingredients are sourced from third-party suppliers for our ready-to-cook and ready-to-mix/blend food for our cafes, and ready-to-eat packaged foods. There is a risk that our third-party suppliers may face disruptions including, among others, fire, flood, prolonged interruptions in the supply of water, power, and input materials, government containment measures and shutdowns due to non-compliance to regulatory matters or other matters, or ceasing of operations due to bankruptcy, legal actions or voluntary closure. Any one of these events may cause disruptions in the supply of ingredients for our cafe operations and/or our brands of packaged foods and this may adversely affect our financial performance.

While we may have alternative third-party suppliers for other general F&B ingredients and consumable items, we rely on a limited number of third-party suppliers for our ready-to-cook, ready-to-mix/blend and ready-to-eat products where one third-party supplier may be responsible for several menu items or products. As we own the recipes for all our F&B products, we are able to switch third-party suppliers, however it will take some time for us to select new third-party suppliers as replacements. The time taken to qualify new third-party suppliers as replacements may cause temporary disruptions to our cafe operations or sales of our brands of packaged foods. In addition, if the taste differs from the original taste, we may lose some of our existing customers.

There is no assurance that any disruptions in the supply of ready-to-cook and ready-to-mix/blend food for our cafes, and ready-to-eat packaged foods from third-party suppliers will not adversely affect our business operations and financial performance in the future.

8.1.2 We operate within the consumer industry, making our business susceptible to changes in consumer behaviour, trends, brand preferences as well as negative actions

As a consumer-based product and service provider, we face the risks of negative actions and changes in consumer behaviour, trends, and brand preferences. The demand for F&B services is dependent on discretionary spending as all consumers have the option of eating at home. As such, the sustainability and success of our business rely on our ability to consistently adapt to changing consumer behaviour, trends, and brand preferences, supported by our brand equity.

The performance of our business as a cafe chain operator requires us to take into consideration, among others, shifts in culinary trends such as international or local cuisine influences; dietary shifts such as preference towards plant-based foods or healthy ingredients; religious or cultural considerations; and food innovations providing new or unique tastes or dining experiences.

In addition, branding plays an important role in consumer products and services. As such, the sustainability and growth of our business depend on continuously building our brand equity including awareness, loyalty, trust and image to retain existing and securing new customers. Building brand equity also includes enhancing and sustaining brand relevance in the minds of target customer groups as the brand matures over time.

8. RISK FACTORS (Cont'd)

Consumer changes in behaviour, trends and brand preferences may also arise from tastes, influences from social media, social trends, health trends, food security, religious and environmental considerations. We are also vulnerable to negative publicity or actions stemming from factors such as consumer boycotts, dissemination of negative information, fake news, sabotage and/or issues regarding quality, hygiene, and food safety. Any of these events, if they eventuate, may adversely affect our operations and financial performance.

In this regard, there is no assurance that the market reception of our products, services, and brands will remain positive and relevant. Failure to align our offerings with consumer requirements and expectations could potentially harm our reputation and impact the results of our operations and financial performance.

8.1.3 We may not be able to sustain the same level of growth rate and financial performance for our business in the future

Our revenue grew from RM5.02 million in FYE 2021 to RM277.28 million in FYE 2024, representing a CAGR of 280.89%. Our gross profit grew from RM0.26 million in FYE 2021 to RM82.79 million in FYE 2024, representing a CAGR of 586.40%.

There can be no assurance that we will be able to achieve similar growth rates and financial performance in the future due to internal and/or external factors. Some of the potential internal factors include, among others, the inability or delays in expanding our cafe chain operations and distribution of our brands of packaged foods domestically and in foreign countries, operational and management issues, issues associated with our third-party suppliers, and quality of products and services. Potential external factors include, among others, economic, social, and regulatory conditions, competition, changes in consumer tastes, preferences, spending habits, and brand relevance, and deterioration of performances of the shopping mall, commercial facilities and areas where our cafes are located.

8.1.4 Inflationary pressure or other cost increases may necessitate price increases for our products and services which may adversely affect our business performance

As a consumer-based business, our products and services are subject to inflationary pressure which impacts our costs of goods and services, which we eventually will have to pass the increased costs to our customers to at least maintain our margins. Inflationary pressure may arise directly from the cost of goods such as all the food products and ingredients, and consumables as well as indirectly arising from the increase in, among others, utilities, fuel, logistics, rental and labour.

Between 2021 and 2023, the consumer price index ("CPI") of food and non-alcoholic beverages increased at a CAGR of 5.3% and 3.5% respectively. Within the food segment, the CPI of food away from home increased at a higher CAGR of 6.7% compared to that of food at home, which increased at a CAGR of 4.4%, between 2021 and 2023. (Source: IMR Report)

There is no certainty that we will be able to pass on increased costs due to inflation or any other factors, to our customers in future which may negatively impact our financial performance. Alternatively, if we pass all the increased costs to our customers, we may lose some of our existing customers and attract fewer potential customers. If any of these situations occur, it may negatively affect our operations and financial performance.

8. RISK FACTORS (Cont'd)

8.1.5 Our operations may be affected by adverse changes in the terms and conditions of our rental agreements, the performance of shopping malls and commercial areas, or the foot traffic where our cafes are located

As at the LPD, we have 16 cafes located in shopping malls, 2 cafes located in shop lots and 2 cafes located in airport retail mall. For the FYE 2024, we operated 17 cafes, all of which individually contributed less than 10.00% of our total revenue for FYE 2024.

Any adverse changes in the conditions and performance of the overall shopping malls and multi-tenanted buildings or facilities where our cafes are located including, among others, cease or disruption in operations, changes in tenancy mix, poor maintenance and declining foot traffic may negatively affect our cafe operations located in such premises. Similarly, for our shop lot cafes, changes in the general area such as increased traffic congestion which may discourage visitors to the area, significant loss of parking facilities, loss of main attractions and changes in tenancy mix in nearby shop lots may also affect the performance of our cafes located at shop lots in commercial areas.

Furthermore, as all of our cafes operate in rented premises, we are dependent on the respective landlords and are subject to rental rates and tenancy periods imposed by the respective landlords. Upon expiry of the rental agreement, landlords have the right to change the terms and conditions of the rental agreement including increases in rental rates or non-renewal of our rental agreements. In addition, we are subject to rental terms and conditions such as liquidated ascertained damages in the event of failure to commence and/or complete fit-out works, or delay in commencement of our cafe operations as per period stipulated in the rental agreement. In the event of any unfavourable changes in the conditions of rental agreement, performance of shopping malls and commercial areas, or the foot traffic where our cafes are located, this may negatively affect our business operations and financial performance.

For the Financial Years Under Review, the rental expenses for our cafes (comprising depreciation of ROU assets, variable lease payments and interest on lease liabilities) accounted for 8.87%, 8.37%, 11.24%, and 11.11% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively.

For the Financial Years under Review and up to the LPD, none of the shopping malls where our cafes are located has ceased operations or encountered material interruptions. Nevertheless, moving forward, there is no assurance that there will not be any adverse changes in the terms and conditions of our rental agreement. In addition, there can be no assurance that there will be no adverse changes in the performance of the shopping malls and commercial areas where our cafes are located which may adversely affect our operations and financial performance.

8.1.6 Our business is exposed to product and public liability risks related to our products and the provision of food services in our cafes, as well as risks associated with legal matters, employment, consumer claims, and other dispute

We operate a chain of cafes offering F&B services, distribute our brands of packaged foods through resellers including wholesalers and retailers such as supermarkets, minimarkets, and health and beauty stores, as well as retail our brands of packaged foods through third-party e-commerce platforms and our website and specialty store. We may be subject to various legal and other disputes arising from our business operations from time to time.

8. RISK FACTORS (Cont'd)

As we are principally providing F&B services and distribution and retailing of our brands of packaged products, we may face product liability risks, which could subject us to various punitive actions such as legal actions by affected consumers, fines by regulatory bodies, product recall, temporary closure of cafes, or withdrawal of business licences or other certifications. Our product liability could arise from, among others, product contamination during manufacturing, processing or storage and handling of foods and ingredients, unintentional use of unsafe or banned ingredients, sabotage and product mislabelling. We may also be subject to consumer claims arising from unsatisfactory quality of our F&B services.

Notwithstanding that we practice quality standards at our cafes, insist that our third-party suppliers comply with various quality, hygiene and food safety standards, and ensure as much as possible that our other third-party suppliers practice quality, hygiene and food safety standards, the occurrence of such product liability claims may negatively affect our market reputation, consumers' trust in our brand, and our operational and financial performance.

In addition, in the operation of our cafes and the distribution and retailing of our brands of packaged products, we may be subject to risks of food contamination, poor hygiene and food safety practices, which are inherent risks to operators within the F&B sector. In the event of any occurrences, this may result in an inspection of premises by the local authorities which may result in monetary fines, withdrawal of permits and/or directives to temporarily close operations for cleaning purposes. This would have an impact on our reputation as well as our financial performance.

For example, in September 2023, there was an inspection by the MOH at our KLIA 2 Retail Mall (arrival level) cafe which resulted in a temporary closure from 26 September 2023 to 30 September 2023 of the affected cafe for cleaning purposes and compounds from the MOH of a total of RM2,750, due to, among others, deficiencies in maintaining food storage standards, and general cleanliness. The cafe recommenced operations on 1 October 2023. For our KLIA 2 Retail Mall (departure level) cafe, we were issued compounds amounting to RM2,000 by MOH (in October 2023) and MPS (in September 2023) for among others, deficiencies in maintaining food storage standards and general cleanliness.

We had upon occurrence of the above incidences promptly taken steps to clean and tidy up the cafe premises in accordance with the MOH's and MPS's requirements, as well as implemented more stringent controls across all our cafes. Please see Section 6.20 of this Prospectus for further details of the above incidences and the rectification and control measures implemented by our Group. Although the temporary closure of our KLIA2 Retail Mall (arrival level) cafe caused a temporary loss of business for five (5) days, we extended the operation hours for the KLIA 2 Retail Mall (departure level) cafe to address the revenue shortfall arising from the closure, we did not experience material impact to our business and financial performance arising from the incidences above.

In addition, there was an incident on 13 July 2024 where the Immigration Department inspected 4 of our cafes in Johor Bahru at The Mall, Mid Valley Southkey, Johor Bahru City Square Mall, AEON Mall Tebrau City and Taman Johor Jaya and a total of 145 foreign workers (including 65 foreign workers that were employed by the Cleaning Service Provider) were detained by the Immigration Department. After further investigation by the Immigration Department, the Cleaning Service Provider was compounded for providing 27 cleaning service foreign workers without valid pass. We had, via our appointed solicitors for the Incident, received a confirmation letter from the Immigration Department dated 28 August 2024 confirming there is no case against us and the investigation has been completed by the Enforcement Division of Immigration Department of Johor. There were no penalty and/or compound issued to our Group and we did not experience any material adverse impact on our Group's business operations and financial conditions in relation to the Incident. Please refer to Section 6.19 of this Prospectus for further details on the Incident.

8. RISK FACTORS (Cont'd)

As we operate cafes and retail stores, we are subject to the risk of public liability arising from our products, services and/or premises. We may face legal actions by consumers from, among others, negligence by our staff in serving our customers and/or conditions of our premises that cause accidents that harm our customers. For the Financial Years Under Review, we have not been subjected to any claims from customers pertaining to accidents at our premises, except for a minor claim from a customer who fell at one of our cafes, which was covered by our insurance.

In the course of carrying out our brand advertising and marketing functions to gain increased brand awareness from consumers, we may also be subject to risks of legal claims arising from the contents of promotional advertisements (whether via print, electronic or social media) regarding our products or services, such as if such advertisements contain inaccurate information or claims, infringe third party copyrights or trademarks or information which require third party consents. For example, in 2023, we received a letter from a third party requesting us to rectify an inaccurate representation of our products on our social media posting in 2023 and for compensation towards alleged losses and damages suffered due to such representation. Arising therefrom, we have settled the compensation and have removed all such representations from our social media postings and third-party online e-commerce platforms as well as notified relevant third parties to do the same.

Dispute resolution processes arising from any legal or other disputes arising from our business operations may be costly and time consuming. Due to the uncertainties of dispute resolution proceedings, we are also unable to guarantee that the outcome of any such dispute resolution will be in our favour. If the outcome of dispute resolution is against us, such negative outcome may affect our market reputation, consumers' trust in our brand, and our financial performance.

We are unable to assure that such incidents/events will not arise in the future and that they will not materially and negatively affect our reputation, business operations and financial performance. Also, there is no assurance that any insurance compensation will be adequate to cover all potential claims. Additionally, claims may result in an increase in our insurance premiums affecting our financial performance.

8.1.7 We are subject to operational risks including shortage of labour, disruptions in power supply and other adverse events which may cause interruptions to our business

We are subject to operational risks including but not limited to shortage of labour and disruptions of power supply which may cause interruptions to our business operations.

We are dependent on labour for our day-to-day cafe operations, which includes service staff, kitchen personnel, cashiers and general workers. As a result, a stable workforce is crucial in ensuring our operations run smoothly. Our labour costs accounted for 17.81% (RM0.85 million), 19.01% (RM6.26 million), 18.78% (RM17.65 million), and RM35.79 million (18.40%) of our total cost of sales for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively.

As at the LPD, we have a total of 921 employees for our cafe chain operations comprising 664 domestic employees and 257 foreign workers for our cafe operations. We may experience a shortage of workers from time to time due to various factors including, among others, changes in government policies and regulations on the supply of foreign labour such as a freeze on hiring foreign labour which is beyond our control, higher salaries and remuneration package from competing industries, and lack of domestic workers. In the event of a shortfall in the labour supply for our operations, and our inability to maintain a stable workforce by replacing or hiring new workers promptly, this would adversely affect our business operations and financial performance.

Furthermore, in the event of a labour shortage, we may not be able to execute our expansion plans to open additional cafes effectively and promptly, which may adversely affect our future business growth and financial prospects.

8. RISK FACTORS (Cont'd)

For the Financial Years Under Review and up to the LPD, we have not experienced any material shortage in labour supply as a result of the changes in government policies and regulations which affected our business operations.

The operation of our cafes including front-of-house dine-in area, POS system, and in-store retail of our brands of packaged foods, and back-of-house areas, which include the kitchen, chillers, freezers, and storage areas, as well as the operation of relevant equipment and appliances, are all dependent on a consistent power supply. In the event of prolonged power outages or intermittent disruptions in power supply or other events such as bomb scares, fire, flood and pest infestations, they would adversely affect our business operations.

For the Financial Years Under Review and up to the LPD, there were incidents of power outages in shopping malls in the Klang Valley and a bomb scare incident in a shopping mall in Johor, which affected our cafe operations for a few hours and up to a day. Save as disclosed the said incidents, we have not encountered any material power interruptions or events that adversely affect our business operations and financial performance. Nevertheless, there is no assurance that our cafe operations may not encounter any disruptive events that may adversely affect our business operations and financial performance.

8.1.8 Our recipes may be copied and this may result in loss of our competitive advantage or decrease in our market share

As with many F&B products, there is the risk that the recipes for our cafe and our brands of packaged food products may be copied. While taste is a personal preference, copying of our products may result in losing our competitive advantage as similar tasting products are available in the market from competitors. This may subsequently cause us to lose market share for such products.

We engage third-party suppliers for our ready-to-eat, ready-to-mix/blend and ready-to-cook products. We also carry out product development and taste tests with some of these third-party suppliers. Although we have taken precautions where our third-party suppliers and some of our personnel only have part of the recipe, there is no assurance that copied products may not affect our operations and financial performance.

8.1.9 Our growth prospects may be limited if we are unable to effectively execute some of our business strategies and plans

Our business strategies and plans are focused on leveraging our key strengths and capitalising on our core competencies in cafe chain operations in Malaysia. Part of our strategy is to expand our business through additional cafes in Malaysia and also in foreign countries including Singapore. The expansion into foreign countries is either through joint ventures with local partners or franchising. Please refer to Section 6.18 of this Prospectus for further details on our business strategies and plans.

In this respect, we are subject to risks associated with our expansion into foreign countries, including, among others, the following:

- delays in finalising and implementing joint-venture or franchising arrangements;
- long period to achieve profitability;
- regulatory and other industry impediments as the operation of cafes and distribution of our brands of packaged foods are required to obtain the relevant licences and/or permits as well as comply with the hygiene and safety standards outlined by the relevant authorities in the foreign countries. These standards include, among others, training requirements for food handlers, cleanliness and hygiene requirement for food storage and preparation areas, as well as labelling requirements for our brands of packaged foods;
- slow consumer acceptance due to unfamiliarity with the cuisine and brand;
- competition from other F&B service providers;

8. RISK FACTORS (Cont'd)

- socio-economic factors affecting patronage; and
- unable to secure good locations for the cafes.

In addition, we are subject to the risks associated with the joint-venture arrangement in Singapore including, among others, delays in implementation of the joint-venture or termination or cessation of the joint-venture arrangement, which may adversely affect the timing of implementation of our strategies and plans to expand into foreign countries.

Our domestic expansion to increase the number of cafes also faces risks including, among others, the following:

- cannibalism among our cafes in proximity to each other;
- poor patronage in new states due to, among others, lack of brand awareness;
- drop in product quality, unintended changes in tastes, poor customer service due to issues associated with, among others, central kitchen, logistics, shortage of labour and management as the business expands rapidly; and
- unable to secure good locations for the cafes.

The prospects and future growth of our business are also dependent on our ability to implement and execute our strategies and plans effectively and promptly. There is a risk that we may not be able to achieve the timing and objectives of our business strategies and plans due to factors, including, among others, if we are not able to secure desired locations for new cafes, or if we are not able to secure sufficient funding and/or bank borrowings in addition to the IPO proceeds, limitations in human resources or experience in foreign countries, regulatory changes, and delays due to epidemics or pandemics in the future.

We cannot provide any assurance that any of our strategies and plans will be commercially successful or that the strategies and plans will be implemented in a way that aligns with our expectations for identifying and reducing operational and business risks associated with our strategies and plans. In the event of any delays or failures in executing our strategies and plans effectively, our future business growth or expected financial performance may be adversely affected.

8.1.10 Our business is dependent on our Managing Director, Executive Directors and Key Senior Management

Our business operations are dependent on the experience, knowledge and skills of our Managing Director, Executive Directors as well as Key Senior Management of our cafe chain operations and distribution and retail of our brands of packaged food business. Our Managing Director, Dato' Chan Jian Chern is responsible for the formulation of business strategies, including corporate plans, branding and marketing strategies, contributing to the growth of our Group. Our Executive Director, Chan Yen Min is responsible for overseeing finance, procurement, human resource and administration matters. Koay Song Leng, our Executive Director is responsible for overseeing cafe chain operations (including kitchen operations), warehousing and logistics management.

Our Managing Director and Executive Directors are supported by our Key Senior Management team including Goh Ting Keong, Ho Poh Chian, Debbie Liew Jing Yi, Chan Wei Jet and Koay Chor Leng. The loss of services of any one or more of our Managing Director, Executive Directors or Key Senior Management without any suitable and timely replacement may adversely affect our business operations and financial performance.

8. RISK FACTORS (Cont'd)

8.1.11 We are exposed to the risk of pilferage from our cafes

We operate cafes where our staff handles food products and ingredients, consumables and cash. There is a risk of product and cash pilferage which may materially affect our financial performance.

We have put in place various operational procedures and controls to minimise product and cash pilferages. Some of them include customers' orders recorded in the POS system which allows us to carry out audits of food products and ingredients. Customers' payments are also recorded through the issuance of bills and receipts through the POS system. This ensures that all customers' payments recorded in the POS system are tallied with the actual cash received. The POS is connected to our head office and the sales data of each cafe is transmitted to the head office in real-time.

Notwithstanding our systems and procedures being put in place, there is no assurance that product and cash pilferage may not affect our financial performance.

In addition, while we have insurance to cover pilferages and theft from all our cafes as well as our warehouse, there is no assurance that our insurance coverage will be sufficient to compensate us for all the losses which may affect our financial performance. If we make multiple insurance claims, our insurance premium may increase which will affect our financial performance. During the Financial Years Under Review and up to the LPD, we have not encountered any material pilferage or theft from our cafes or warehouse.

8.1.12 Our business operations are subject to risks of security breaches, malfunction of our ICT systems or unintended human errors

Our cafe chain's operations rely on our ICT system, which is either hosted in the cloud or on-site, to link our head office, cafes, and devices for point-of-sale, web and mobile platforms, online and mobile payment systems, sales order processing, finance and accounting, management of our cafes, and customer loyalty and reward programmes. Our ICT system handles and stores sensitive data, including personal and company information. In this respect, we are exposed to the risks of security breaches, malfunctions, unavailability of third-party network services and wilful or otherwise damage to our ICT system. In addition, security breaches including among others, eavesdropping, cyber-attacks, malicious codes, ransomware or other destructive or disruptive actions relating to our ICT system, properties or assets including software, hardware, communications and data storage equipment, and our online platform may adversely affect our business operations and financial performance.

In the event of any occurrence of security breaches or malfunction of our ICT system, it may render our system inoperable for some time or result in violation of applicable privacy laws, which could subject us to significant liabilities, losses or actions by regulators and legal suits, and it could also harm our reputation and adversely affect our business and financial performance. For the Financial Years Under Review and up to the LPD, we have not encountered any security breaches or malfunction of our ICT system. Nevertheless, there can be no assurance that we may not encounter security breaches, malfunction in our system, human errors and/or careless actions, any of which would adversely affect our reputation, business operations and financial performance.

8.1.13 There is no assurance that our insurance coverage will be adequate

We maintain general insurance policies where relevant and practical, covering both our assets, employees as well as business operations with policy specifications and insured amounts which we believe are reasonable. As at the LPD, we have various insurance coverage including fire and fire consequential losses, product liability, public liability, and money insurance with a total coverage of RM90.69 million.

8. RISK FACTORS (Cont'd)

If claims exceed the coverage of our general insurance policies, we may be liable for the shortfalls in the amounts claimed which may adversely affect us financially. Alternatively, if there are numerous and sizable insurance claims, it may affect our insurance premium thus negatively impacting our financial performance. For the Financial Years Under Review and up to the LPD, there has not been any material claim that has exceeded the amount covered by our general insurance policies.

Although we have taken the necessary steps to ensure that our assets, employees and business operations are adequately insured, there can be no assurance that our insurance would be adequate to compensate for the replacement costs of assets, claims from employees or the public, and any consequential losses.

8.1.14 Our business operations and financial performance may be affected by prolonged epidemics or pandemics

We face the risks of any prolonged epidemics or pandemics that may affect our business operations. The risks may include the temporary closure of our business operations and a drop in the patronage of our cafes. All of these situations may adversely affect our business and financial performance.

The dine-in operations of our *Oriental Kopi* cafes were temporarily suspended following the implementation of various MCOs by the Government. During this period, customers were not allowed to dine in at any restaurant and we were only allowed to provide takeaway services for our walk-in customers or through food delivery platforms. This affected 2 of our cafes for dine-in in Johor in FYE 2021.

8.2 RISKS RELATING TO OUR INDUSTRY

8.2.1 We are subject to the risk of competition from other F&B service providers

Cafe chain operators compete against other operators who are involved in F&B services. Factors of competition include, among others, brand equity including awareness, loyalty, and positive image; menu offerings and innovations; product tastes, quality and pricing; dine-in, takeaway and delivery services; cafe location accessibility and convenience; cafe internal layout, decoration and ambience; and online presence and ease of ordering, payment and delivery.

Competition also arises from other similar format cafes as well as different format F&B services including hawkers, food courts, traditional and quick service restaurants, and online platforms serving similar or different cuisines and types of F&B. According to the IMR Report, in 2023, there were 27,448 food premises registered with the MOH, of which 23,681 were food outlet premises (*Source: Vital Factor*).

In the event we are unable to remain competitive or unable to build on our competitive advantages and key strengths moving forward, our prospects and financial performance may be adversely affected.

8. RISK FACTORS (Cont'd)

8.2.2 We are subject to economic, social, political and regulatory risks in the countries where we operate including Malaysia and other foreign countries where we intend to set up cafe chain operations

Our business is susceptible to adverse changes in the economic, social, political and regulatory conditions in Malaysia and foreign countries where we intend to set up cafes as well as distribute and retail our brands of packaged foods that may harm our business operations and financial performance. Among others, these changes may include the following:

- changes in domestic and global situations including political leadership, geopolitical events, expropriation or nationalisation, deterioration of international bilateral relationships, trade sanctions, boycotts, and acts of terrorism, riots and wars;
- changes in domestic fiscal and monetary policies affecting interest rates, foreign investments, methods of taxation and tax policies;
- emergence of new epidemics or pandemics;
- changes in consumer trends and behaviour;
- changes in social conditions such as inflation, unemployment rate and minimum wage; and
- others such as foreign worker levy, unemployment trends, inflation and other matters that may influence consumer and business confidence and spending.

As such, there can be no assurance that any adverse economic, social, political and regulatory developments which are beyond our control, will not materially affect our business operations and financial performance.

8.2.3 Coffee beans are subject to price fluctuations as they are commodity traded items

Coffee beans are a crucial ingredient in our coffee powder, which is a key beverage offered at our cafes, as well as in the distribution and retail of our brands of packaged foods. We purchase coffee in the form of roasted and ground coffee powder for our cafe chain operations and instant coffee powder for our brands of packaged coffee. Depending on the recipes, our coffee blends mainly consist of Robusta beans, with smaller proportions of Arabica and/or Liberica beans.

Coffee beans are an agricultural commodity traded globally and subject to price fluctuations attributed to various factors including supply, demand, agricultural conditions such as pests, cost of fertilisers and weather, market inefficiencies and economic conditions. Any sustained price increases or negative price fluctuations will result in an increase in our input material costs for coffee beverages which may in turn have an impact on our financial performance if we are unable to pass on the increases in the cost of our coffee powder promptly. There can be no assurance that we will not experience any negative price fluctuation in the future.

8.3 RISKS RELATING TO INVESTING IN OUR SHARES

8.3.1 There has been no prior market for our Shares

Prior to our IPO, there has been no public market for our Shares. Hence, there is no assurance that upon Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

The IPO Price was determined after taking into consideration various factors including but not limited to our business strategies and our financial and operating history.

There can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing and the market price of our Shares will not decline below the IPO Price.

8. RISK FACTORS (Cont'd)

8.3.2 Our Share price and trading volume may be volatile

The performance of Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiment is also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our listed Shares.

In addition, the market price of our Shares may be highly volatile and could fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond our control:

- (i) material variations in our financial results and operations;
- (ii) success or failure in our management in implementing future plans, business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- (v) changes in conditions affecting the industry, the prevailing global and local economic conditions or stock market sentiments or other events or factors;
- (vi) natural disasters, health epidemics and outbreaks of contagious diseases;
- (vii) additions or departures of key senior management;
- (viii) fluctuations in stock market prices and volumes;
- (ix) involvement in claims, litigation, arbitration or other form of dispute resolution;
- (x) changes in government policy, legislation or regulation; and/or
- (xi) general operation and business risks.

8.3.3 Our Promoters will be able to exert significant influence over our Company as they will continue to hold majority of our Shares after the IPO

As disclosed in Section 5.1 of this Prospectus, our Promoters will collectively hold in aggregate 73.35% of our enlarged number of issued shares through United Gomax upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and/or by the relevant guidelines or regulations.

For instance, if our Promoters vote in favour of ordinary resolutions which require a simple majority approval, their vote will result in the ordinary resolutions being passed. If our Promoters vote in favour of special resolutions which require a majority of at least 75% shareholders' approval, they will be able to influence the passing and approval of these resolutions at a general meeting. Conversely, if our Promoters vote against such resolutions, such resolutions would not be able to be passed.

8. RISK FACTORS (Cont'd)

8.3.4 There may be a potential delay to or cancellation of our Listing

The occurrence of any one (1) or more of the following events, which is not exhaustive, may cause a delay in or cancellation of our Listing:

- (i) our Sole Underwriter exercising their rights pursuant to the Underwriting Agreement to discharge themselves from its obligations thereunder;
- (ii) the revocation of approvals from the relevant authorities for the Listing and/or admission for whatever reason; or
- (iii) we are unable to meet the public shareholding spread requirement of the Listing Requirements, i.e. at least 25% of our issued share capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing.

Where prior to the issuance and allotment of our IPO Shares:

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled and our Company and the Offerors, shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which the Company and Offerors shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the allotment and issuance of our IPO Shares:

- (1) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, the Company and Offerors shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be specified by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (2) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
 - (a) the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
 - (b) the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from the directors.

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9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a director or major shareholder within the preceding six (6) months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

9.1 RELATED PARTY TRANSACTIONS

9.1.1 Material related party transactions entered into by our Group

The following table sets out the material related party transactions that we had entered into with related parties in respect of the Financial Years Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 October 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
1.	Oriental Coffee International and Beutea Companies ⁽¹⁾	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng are common shareholders of Oriental Coffee International and the Beutea Companies. They were also common directors up till 12 April 2024 where they had resigned as directors within the Beutea Companies.	Sales of materials, consumables and equipment	-	-	0.27	#	3,855.20	⁽⁸⁾ 2.90	⁽¹⁵⁾ 4,758.24	1.72	-	-
			Sales of packaged foods	-	-	-	-	16.70	⁽⁸⁾ 0.01	2.86	#	-	-
2.	Our Group ⁽²⁾ and Cunfry	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were common directors of our Group and Cunfry up till 31 May 2023, and common shareholders until 20 July 2023, where they resigned as directors	Purchase of goods	-	-	198.94	⁽⁹⁾ 0.06	1,038.20	⁽⁹⁾ 1.11	-	-	-	-
			Purchase of equipment	-	-	10.04	⁽¹⁰⁾ 0.06	9.99	⁽¹⁰⁾ 0.03	-	-	-	-
			Sales of materials, consumables and equipment	13.13	⁽⁸⁾ 0.26	22.25	⁽⁸⁾ 0.05	12.19	⁽⁸⁾ 0.01	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 October 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
		and ceased to become shareholders of Cunfry.	Sales of packaged foods	-	-	1.18	#	0.35	#	-	-	-	-
3.	Our Group ⁽³⁾ and Golden Whale International and its related companies ("Golden Whale Group") ⁽⁴⁾	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were common shareholders of our Group and Golden Whale Group up till 29 September 2023. Dato' Chan Jian Chern held common directorships in several companies within the Golden Whale Group up till 31 May 2023. Chan Yen Min and Koay Song Leng were also common directors of our Group and Golden Whale Group until 30 September 2023, where they resigned as directors and ceased to become shareholders of the Golden Whale Group.	Purchase of goods	27.94	⁽⁹⁾ 0.59	22.17	⁽⁹⁾ 0.07	-	-	-	-	-	-
			Purchase of equipment and motor vehicle	3.28	⁽¹⁰⁾ 0.22	67.70	⁽¹⁰⁾ 0.38	-	-	-	-	-	-
			Sales of packaged foods	-	-	1.27	#	1.72	#	-	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 October 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
4.	Our Group ⁽⁵⁾ and Leagoo (M) Sdn Bhd ("Leagoo")	Dato' Chan Jian Chern is a common director (until 15 April 2024, where he resigned as director of Leagoo) and shareholder of our Group and Leagoo.	Purchase of equipment ⁽¹³⁾	-	-	55.87	⁽⁹⁾ 0.17	269.73	⁽⁹⁾ 0.29	-	-	-	-
			Sales of packaged foods	-	-	1.14	#	3.77	#	-	-	-	-
5.	Our Group ⁽⁶⁾ and Mars Mobile Distribution Sdn Bhd ("Mars Mobile")	Dato' Chan Jian Chern is a common director (until 9 January 2024, where he resigned as director of Mars Mobile) and shareholder of our Group and Mars Mobile	Purchase of equipment ⁽¹²⁾	2.29	⁽¹⁰⁾ 0.16	36.31	⁽¹⁰⁾ 0.21	74.19	⁽¹⁰⁾ 0.22	157.75	⁽¹⁰⁾ 0.29	-	-
			Sales of packaged foods ⁽¹²⁾	13.98	⁽⁸⁾ 0.28	31.25	⁽⁸⁾ 0.06	43.23	⁽⁸⁾ 0.03	301.15	⁽⁸⁾ 0.11	76.80	*
			Rental by Mars Mobile to Oriental Coffee International for our warehouse at Lot 2056, No. 41, Jalan Ekoperniagaan 3, Taman Kota Masai, 81700 Pasir Gudang, Johor ⁽¹⁶⁾	-	-	-	-	-	-	-	-	-	9.00
6.	Our Group ⁽⁷⁾ and Tenggara Telecentre Sdn Bhd ("Tenggara")	Dato' Chan Jian Chern is a common director (until 15 April 2024, where he resigned as director of Tenggara) and shareholder of our Group and Tenggara ⁽¹²⁾	Purchase of equipment	-	-	26.78	⁽¹⁰⁾ 0.15	143.94	⁽¹⁰⁾ 0.42	46.16	⁽¹⁰⁾ 0.09	3.40	-
			Sales of packaged foods	-	-	4.94	⁽⁸⁾ 0.01	3.21	#	6.49	#	0.01	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	FYE 2021		FYE 2022		FYE 2023		FYE 2024		From 1 October 2024 up to the LPD	
				RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
7.	Oriental Coffee Puchong and Brilliant Elite Sdn Bhd (“Brilliant Elite”)	Dato’ Chan Jian Chern, Chan Yen Min and Koay Song Leng are common directors and shareholders of Oriental Coffee Puchong and Brilliant Elite Ho Poh Chian and Koay Chor Leng, our Key Senior Management, are also common shareholders of Oriental Coffee Puchong and Brilliant Elite	Rental by Brilliant Elite to Oriental Coffee Puchong of our cafe premises at No. 69-G, 69-1, 69-2, 69-3 and No. 71-G, 71-1, 71-2, 71-3 Jalan Puteri 2/3, Bandar Puteri, 47100 Puchong Selangor ⁽¹¹⁾	-	-	-	-	-	-	440.00	⁽¹⁷⁾ 0.76	120.00	*
8.	Oriental Coffee International and Tengku Hishammuddin Zaizi	Tengku Hishammuddin Zaizi is our Independent Non-Executive Chairman (appointed since 17 May 2024)	Advisory fees paid to Tengku Hishammuddin Zaizi ⁽¹⁴⁾	-	-	-	-	-	-	35.00	⁽¹⁷⁾ 0.06	-	-
9.	Oriental Kopi and Dato’ Chan Jian Chern, Chan Yen Min and Koay Song Leng	Dato’ Chan Jian Chern, Chan Yen Min and Koay Song Leng are common directors and shareholders of Oriental Kopi and the subsidiaries under the Acquisitions	The Acquisitions set out in Section 4.1.1 of this Prospectus. This transaction is an internal restructuring involving the shareholders of the subsidiaries under the Acquisition and form part of the Listing Scheme and are not recurring in nature.	-	-	-	-	-	-	-	-	31,796.15	*

9. RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- * The percentage is not able to be ascertained as at the LPD as our Group's audited financial statements for 1 October 2024 up to the LPD is not available.
- # Negligible.
- (1) Beutea Companies consist of Beutea International Sdn Bhd, Beutea Elite Sdn Bhd and Beutea Holding.
- (2) Our Group consists of Oriental Coffee International, Oriental Sun International, Oriental Elite International, Oriental Coffee KL, Oriental Sun PBJ and Oriental Coffee BKT.
- (3) Our Group consists of Oriental Coffee International, Oriental Coffee Puchong and Oriental Sun International.
- (4) Golden Whale Group consists of Golden Whale International, Black Whale SP, Golden Tea International, Golden Whale (Paradigm), Golden Whale Sutera and Golden Whale Pyramid.
- (5) Our Group consists of Oriental Coffee International.
- (6) Our Group consists of Oriental Sun International and Oriental Coffee International.
- (7) Our Group consists of Oriental Coffee International, Oriental Coffee KL, Oriental Coffee Puchong, Oriental Sun PBJ, Oriental Coffee BKT, Oriental Coffee CS, Oriental Coffee Gateway, Oriental Coffee SP, Oriental Coffee TC and Oriental Elite International.
- (8) Computed based on our Group's revenue for the respective financial year.
- (9) Computed based on our Group's costs of sales for the respective financial year.
- (10) Computed based on our Group's net assets as at the end of each of the respective financial year.
- (11) Oriental Coffee Puchong rents the premises from Brilliant Elite for use as its outlet. The salient terms of the tenancy agreement are set out below:
 - Address : No. 69-G, 69-1, 69-2, 69-3 and No. 71-G, 71-1, 71-2, 71-3 Jalan Puteri 2/3, Bandar Puteri, 47100 Puchong Selangor
 - Existing tenancy term : 1 November 2023 to 31 October 2026
 - Tenancy period and terms of renewal : 3 years with an option to renew for 2 further terms of 3 years each at an increased rental for both terms respectively of a minimum of 10% and maximum of 20% of the rental of the last term subject to the prevailing market rate and to be mutually agreed.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Termination : In the event of the tenancy being terminated by Oriental Coffee Puchong at any time before the expiration of the existing tenancy period (where the termination is not arising from a breach by the landlord), the security deposits paid by Oriental Coffee Puchong shall be forfeited by Brilliant Elite and Oriental Coffee Puchong is required to pay Brilliant Elite the rental for the remaining tenancy period as liquidated damage.

In the event of the tenancy being terminated by Brilliant Elite at any time before the expiration of the existing tenancy period (where termination is not arising from a breach by Oriental Coffee Puchong), Brilliant Elite is required to pay Oriental Coffee Puchong the rental for the remaining tenancy period as agreed compensation.

Rental per annum : RM480,000.00

(12) Our Group may from time to time after the Listing continue to purchase mobile phone devices, IT equipment, and/or electrical items from Mars Mobile or Tenggara. The products to be purchased by our Group are mainly mobile devices, computers and laptop for office use in relation to our Group's business operations. Mars Mobile or Tenggara may also from time to time purchase packaged foods or merchandise items from our Group as corporate gifts. These transactions as such will subsist after the Listing, and are based on the prevailing market rates and formed based on purchase order and invoice basis. Mars Mobile and/or Tenggara will continue to be one of our selected suppliers for the above products from time to time based on the established business relationship, quality of products and service provided.

(13) This related party transaction was not on an arm's length basis. Goods were purchased by Leagoo on behalf of our Group and were subsequently sold to our Group at cost of purchase by Leagoo without any added profit margin. The related party transactions between Leagoo and our Group will not subsist after our Listing.

(14) Advisory fees paid to Tengku Hishammuddin Zaizi for his general advisory services on corporate governance and social responsibility, provided to our Group prior to his appointment as Independent Non-Executive Chairman of our Group.

(15) The transactions occurred from October 2023 up to April 2024 only. Subsequently, we have ceased the transactions in April 2024.

(16) Oriental Coffee International rents the premise from Mars Mobile for use as warehouse and office. The salient terms of the tenancy agreement are set out below:

Address : Lot 2056, No. 41, Jalan Ekoperniagaan 3, Taman Kota Masai, 81700 Pasir Gudang, Johor

Existing tenancy term : 1 November 2024 to 31 October 2026

Tenancy period and terms of renewal : 2 years with an option to renew for a further term of 2 years at a rental rate of the then prevailing market rate.

9. RELATED PARTY TRANSACTIONS (Cont'd)

Termination : In the event of the tenancy being terminated by Oriental Coffee International at any time before the expiration of the existing tenancy period, the security deposits paid by Oriental Coffee International shall be forfeited by Mars Mobile without prejudice to any right of action Mars Mobile may have against Oriental Coffee International in respect of the remainder of the term, any unpaid rent or any antecedent breach. A minimum 2 months' notice period with full rental is required in addition to the forfeiture of 2 months security deposit before Oriental Coffee International can terminate the tenancy.

In the event of the tenancy being terminated by Mars Mobile at any time before the expiration of the existing tenancy period (where termination is not arising from a breach by Oriental Coffee International), Mars Mobile is required to compensate Oriental Coffee International a sum equivalent to 2 months' rental as agreed liquidated damages in addition to the refund of the security deposit. A minimum 2 months' notice period is required before Mars Mobile can terminate the tenancy.

Rental per annum : RM54,000.00

(17) Computed based on our Group's PBT for the respective financial year.

Our Directors confirm that, save for the related party transactions in item 4 above between our Group and Leagoo, the above transactions were transacted on an arm's length basis and based on normal commercial terms which are not unfavourable to our Group and are not detrimental to our minority shareholders. This was determined after taking into consideration of the followings:

- (i) the pricing for the sale and purchase of goods are supported by invoices issued to non-related customers which indicate that the prices charged are not more favourable to the related parties;
- (ii) the rental rates of properties are based on rates available on publicly available domains;
- (iii) the purchase consideration of the Acquisitions is based on the adjusted audited NA of the companies. Please refer to Section 4.1.1 of this Prospectus.

Save for the recurrent related party transactions ("**RRPTs**") which will subsist after our Listing as disclosed in items 5, 6 and 7 of the table above, our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

9. RELATED PARTY TRANSACTIONS (Cont'd)

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation/asset or of various parcels of land contiguous to each other.

Upon our Listing, our ARMC will review the terms of any related party transactions and ensure that any related party transactions (including any RRPTs) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

9.1.2 Related party transactions that are unusual in nature or condition

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years Under Review and up to the LPD.

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9. RELATED PARTY TRANSACTIONS (Cont'd)

9.1.3 Loans and/or financial assistance made to or for the benefit of related parties

Save as disclosed below, there are no outstanding loans (including guarantees of any kind) and/or financial assistance that have been granted by our Company and/or our subsidiaries to or for the benefit of the related parties for the Financial Years Under Review and up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Oriental Coffee International and Cunfry	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were common directors of our Group and Cunfry up till 31 May 2023, and common shareholders until 20 July 2023, where they resigned as directors and ceased to become shareholders of Cunfry.	Advance payment to Cunfry for the purchase of equipment and material	-	20.50	-	-	-
2.	Our Group ⁽¹⁾ and Golden Whale International	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were common shareholders of our Group and Golden Whale International up till 29 September 2023. Dato' Chan Jian Chern held common directorships in several companies within the Golden Whale Group up till 31 May 2023. Chan Yen Min and Koay Song Leng were also common directors of our Group and Golden Whale Group until 30 September 2023, where they resigned as directors and ceased to become shareholders of the Golden Whale Group.	Advance payment to Golden Whale International for the purchase of kitchen equipment	54.63	50.58	-	-	-
3.	Oriental Coffee KL and Tenggara	Dato' Chan Jian Chern is a common director (until 15 April 2024, where he resigned as director of Tenggara) and shareholder of Oriental Coffee KL and Tenggara.	Payment on behalf by Oriental Coffee KL for Tenggara for general expenses	-	0.93	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
4.	Oriental Elite International and Dato' Chan Jian Chern, Chan Yen Min, Koay Song Leng, Koay Chor Leng and Ho Poh Chian	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng are directors and shareholders of our Group. Koay Chor Leng and Ho Poh Chian are Key Senior Management and shareholders of our Group.	Advances from Oriental Elite International to directors and shareholders ⁽²⁾	-	1,092.48	-	-	-

Notes:

- (1) Our Group consists of Oriental Sun International and Oriental Coffee Puchong.
- (2) Oriental Elite International had granted such advances as a private exempt company to its directors and shareholders who then reallocate such advances to the company within our Group for cash flow management purpose.

The above financial assistances/advances were not given/granted on an arm's length basis as they were interest-free, unsecured and repayable on demand. These financial assistances/advances were fully settled in the FYE 2023. Moving forward, our Group has put in place strict internal control and compliance procedures in relation to financial assistances/advances to related parties and third parties, and no further financial assistances/advances will be given/granted to any related parties of our Group unless such financial assistances/advances are permitted under applicable law and the Listing Requirements and brought to our ARMC and our Board for deliberation and approval.

9. RELATED PARTY TRANSACTIONS (Cont'd)

9.1.4 Loans and/or financial assistance from related parties to our Group

Save as disclosed below, there are no outstanding loans and/or financial assistance (including guarantees of any kind) received by our Group from any related parties for the Financial Years Under Review and up the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Facility amount / Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Oriental Coffee International and Mars Mobile	Dato' Chan Jian Chern is a common director (until 9 January 2024, where he resigned as director of Mars Mobile) and shareholder of our Group and Mars Mobile.	Payment on behalf by Mars Mobile for Oriental Coffee International for general expenses	-	0.63	-	-	-
2.	Oriental Sun PBJ and Cunfry	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were common directors of our Group and Cunfry up till 31 May 2023, and common shareholders until 20 July 2023, where they resigned as directors and ceased to become shareholders of Cunfry.	Payment on behalf by Cunfry for Oriental Sun PBJ for general expenses	-	5.30	-	-	-
3.	Oriental Coffee TRZ and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee TRZ.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a banking facility granted to Oriental Coffee TRZ	-	-	450.00	450.00	450.00
4.	Oriental Coffee International and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	203.66	203.66	203.66

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Facility amount / Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
5.	Oriental Coffee International and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	206.43	206.43	206.43
6.	Oriental Coffee International and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	161.55	161.55	161.55	161.55
7.	Oriental Coffee International and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	160.72	160.72	160.72
8.	Oriental Coffee International and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	305.29	305.29	305.29

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Facility amount / Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
9.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	257.64	257.64	257.64
10.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	-	72.09	72.09
11.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Islamic Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	-	257.68	257.68
12.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	197.51	197.51	197.51
13.	Oriental Coffee KL and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of Oriental Coffee International.	Provision of personal guarantee by Dato' Chan Jian Chern in favour of Public Bank Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee KL	-	-	105.84	105.84	105.84

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Facility amount / Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
14.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	-	182.25	182.25
15.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	-	186.33	186.33
16.	Oriental Coffee International and Koay Song Leng	Koay Song Leng is a director and shareholder of Oriental Coffee International	Provision of personal guarantee by Koay Song Leng favour of Malayan Banking Berhad in relation to a vehicle hire purchase facility granted to Oriental Coffee International	-	-	-	194.14	194.14
17.	Oriental Coffee International and Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng are directors and shareholders of our Group.	Advances from directors and shareholders to Oriental Coffee International ⁽¹⁾	867.05	-	-	-	-
18.	Oriental Coffee Puchong and Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng are directors and shareholders of our Group.	Advances from directors and shareholders to Oriental Coffee Puchong ⁽¹⁾	31.91	102.84	-	-	-

9. RELATED PARTY TRANSACTIONS (Cont'd)

No.	Transacting parties	Nature of relationship	Nature of transaction	Facility amount / Outstanding amount as at				
				30 September 2021	30 September 2022	30 September 2023	30 September 2024	LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
19.	Oriental Coffee SK and Dato' Chan Jian Chern	Dato' Chan Jian Chern is a director and shareholder of our Group.	Advances from director and shareholder to Oriental Coffee SK ⁽¹⁾	-	102.16	-	-	-
20.	Oriental Sun International and Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng	Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng are directors and shareholders of our Group.	Advances from directors and shareholders to Oriental Sun International ⁽¹⁾	1,069.66	100.45	-	-	-

Notes:

Negligible.

(1) The advances were granted by directors and shareholders to the respective companies for working capital purposes.

In addition to the above, Dato' Chan Jian Chern, Chan Yen Min, Koay Song Leng and/or Koay Chor Leng had provided joint and several personal guarantees in relation to our tenanted cafes at:

- (i) The Exchange TRX, granted to Oriental TRZ;
- (ii) Suria KLCC Mall, granted to Oriental Coffee Suria;
- (iii) Sunway Pyramid Mall, granted to Oriental Coffee SP;
- (iv) Pavilion Bukit Jalil Mall, granted to Oriental Sun PBJ;
- (v) KLIA 2 Retail Mall (departure level), granted to Oriental Coffee SP;
- (vi) KLIA 2 Retail Mall (arrival level), granted to Oriental Elite International;

9. RELATED PARTY TRANSACTIONS (Cont'd)

- (vii) Pavilion Kuala Lumpur Mall, granted to Oriental Coffee BKT;
- (viii) Pavilion Damansara Heights Mall, granted to Oriental Coffee BKT; and
- (ix) Sunway Carnival Mall, granted to Oriental Coffee TRZ; and
- (x) Gurney Plaza Mall, granted to Oriental Coffee TRZ.

As at the LPD, the respective financial institutions and landlords had given their consent to discharge the above personal guarantees by substituting the same with a corporate guarantee from the Company upon its successful listing, or by the Company increasing the rental deposit for the tenancies, save for the personal guarantees given for the tenanted cafes at Pavilion Kuala Lumpur Mall, Pavilion Damansara Heights Mall and Gurney Plaza Mall, which we are awaiting the responses from the respective parties.

The advances granted by Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were not made on an arm's length basis as they were interest-free, unsecured and repayable on demand, but nonetheless are not detrimental to our minority shareholders' interests. These advances were fully settled in the FYE 2023.

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9. RELATED PARTY TRANSACTIONS (Cont'd)

9.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST**9.2.1 ARMC review**

Our ARMC assesses the financial risk and matters relating to related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our ARMC maintains and periodically reviews the adequacy of the procedures and processes set by our Group to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Group on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of the interest of our Group's minority shareholders. Among others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our ARMC are reported to our Board for its further action.

9.2.2 Our Group's policy on related party transactions and conflicts of interest

Some of our Directors and/or substantial shareholders are also directors and/or shareholders of related party(ies) to our Group, as disclosed in Section 9.1.1 of this Prospectus. It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our ARMC. Any related party transactions must be reviewed by our ARMC to ensure that they are negotiated and agreed upon in the best interest of our Group on an arm's length basis and are based on normal commercial terms not more favourable to the related party than those generally available to third parties and are not detrimental to the interest of our Group's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

In addition, our Directors are required to make disclosure of any related party transactions and conflicts of interest with our Group and our ARMC will carry out assessment in relation to such related party transactions and/or conflict of interest, if any. Our ARMC will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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10. CONFLICT OF INTEREST

10.1 CONFLICT OF INTEREST

10.1.1 Interest in similar business of our Group or which is a customer or supplier of the Group

Save as disclosed below and the RRPTs in Section 9.1.1 (items 5, 6 and 7), as at the LPD, the Directors and substantial shareholders do not have any interest, direct or indirect, in any businesses or corporations which are carrying on a similar trade as the Group or which is a customer or supplier of the Group:

(i) Interest in corporations that carry on a similar trade as the Group

Dato' Chan Jian Chern, our Managing Director, and Chan Yen Min and Koay Song Leng, our Executive Directors and substantial shareholders, are shareholders of a beverage chain operator group of companies set out below ("**Beutea Companies**") which are principally involved in the beverage business of retail of tea drinks and snacks under the "Beutea" brand ("**Beutea Beverage Business**").

Our CFO, Goh Ting Keong, Wong Ai Kuen and Wong Kang Xian, who are shareholders of our Group are also shareholders of the Beutea Companies.

Other than Wong Ai Kuen, the persons above do not hold any directorships in the Beutea Companies as at the LPD.

The directors and shareholders of the Beutea Companies are as follows:

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
1.	Beutea Holding	<ul style="list-style-type: none"> Wong Ai Kuen Chong Teck Seong 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (24.52%) Chan Yen Min (10.40%) Koay Song Leng (7.43%) Goh Ting Keong (2.23%) Wong Ai Kuen (29.99%) Keh Bee Lan (18%) Chong Teck Seong (7.43%) 	<p>(1) To carry on the business of retail of tea drinks and snacks</p> <p>(2) Export, import and distribution of food and beverage material</p>
2.	Beusiss Sdn Bhd	<ul style="list-style-type: none"> Ho Mei Hoong Ho Mei Seah Leong Poh Teng 	<ul style="list-style-type: none"> Beutea Holdings (30%) Ho Mei Hoong (25%) Ho Mei Seah (25%) Leong Poh Teng (10%) Ng Soon Lee (10%) 	To carry on the business of retail of tea drinks and snacks

10. CONFLICT OF INTEREST (Cont'd)

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
3.	Beutea International Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (33%) Chan Yen Min (14%) Koay Song Leng (10%) Goh Ting Keong (3%) Wong Ai Kuen (15%) Keh Bee Lan (15%) Chong Teck Seong (10%) 	To carry on the business of retail of tea drinks and snacks
4.	Beutea (SS15) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Lim Chow Lee (7%) Chong Teck Seong (6%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lee Wan You (7%) 	To carry on the business of retail of tea drinks and snacks
5.	Yu Qi International Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Zona Ann Pinto (40%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks

10. CONFLICT OF INTEREST (Cont'd)

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
6.	Beutea (Puchong) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lim Chow Lee (7%) Lee Wan You (7%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks
7.	Beutea Elite Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lim Chow Lee (7%) Lee Wan You (7%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks
8.	Beutea (PDH) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Goodman Classic (M) Sdn Bhd (20%) Zona Ann Pinto (20%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks

10. CONFLICT OF INTEREST (Cont'd)

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
9.	Beutea (SK) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lim Chow Lee (7%) Lee Wan You (7%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks
10.	Beutea (1U) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lim Chow Lee (7%) Lee Wan You (7%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks
11.	Beutea (Klang) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Goodman Classic (M) Sdn Bhd (40%)⁽²⁾ Wong Ai Kuen (9%) Keh Bee Lan (9%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks

10. CONFLICT OF INTEREST (Cont'd)

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
12.	Beutea (SP) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (33%) Chan Yen Min (14%) Koay Song Leng (10%) Goh Ting Keong (3%) Wong Ai Kuen (15%) Keh Bee Lan (15%) Chong Teck Seong (10%) 	To carry on the business of retail of tea drinks and snacks
13.	Beutea (Kepong) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (23.1%) Chan Yen Min (9.8%) Koay Song Leng (7%) Goh Ting Keong (2.1%) Zona Ann Pinto (20%) Wong Ai Kuen (10.5%) Keh Bee Lan (10.5%) Wong Kang Xian (10%) Chong Teck Seong (7%) 	To carry on the business of retail of tea drinks and snacks
14.	Beutea (TC) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Zona Ann Pinto (40%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks
15.	Beutea (TRZ) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (33%) Chan Yen Min (14%) Koay Song Leng (10%) Goh Ting Keong (3%) Wong Ai Kuen (15%) Keh Bee Lan (15%) Chong Teck Seong (10%) 	To carry on the business of retail of tea drinks and snacks

10. CONFLICT OF INTEREST (Cont'd)

No.	Beutea Companies	Directors	Shareholders (direct shareholdings)	Principal Activities
16.	Beutea (CTS) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (26.4%) Chan Yen Min (11.2%) Koay Song Leng (8%) Goh Ting Keong (2.4%) Zona Ann Pinto (20%) Wong Ai Kuen (12%) Keh Bee Lan (12%) Chong Teck Seong (8%) 	To carry on the business of retail of tea drinks and snacks
17.	Beutea (GH) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Chan Yen Min (47%) Koay Song Leng (10%) Goh Ting Keong (3%) Wong Ai Kuen (15%) Keh Bee Lan (15%) Chong Teck Seong (10%) 	To carry on the business of retail of tea drinks and snacks
18.	Beutea (PKT) Sdn Bhd	<ul style="list-style-type: none"> Chong Teck Seong Wong Ai Kuen 	<ul style="list-style-type: none"> Dato' Chan Jian Chern (19.8%) Chan Yen Min (8.4%) Koay Song Leng (6%) Goh Ting Keong (1.8%) Image Articulation Sdn Bhd (13%)⁽¹⁾ Tan Kian Cheong (13%) Wong Ai Kuen (9%) Keh Bee Lan (9%) Lim Chow Lee (7%) Lee Wan You (7%) Chong Teck Seong (6%) 	To carry on the business of retail of tea drinks and snacks

Notes:

- (1) The shareholders of Image Articulation Sdn Bhd are Wong Chong Siong (49%) and IDPM Sdn Bhd (51%). IDPM Sdn Bhd's shareholders are Wong Chong Siong (85%) and Edward Cheong Han Bin (15%).
- (2) The shareholders of Goodman Classic (M) Sdn Bhd are Leong Weng Keong (25%), Zona Ann Pinto (55%), Joanne Leong Sze Ann (10%) and Jaclyn Leong Sze Quin (10%).

10. CONFLICT OF INTEREST (Cont'd)

The Board is of the view that the involvement and interests of the Managing Director and Executive Directors in Beutea Companies would not affect their contribution and performance in our Group. In addition, the Managing Director and Executive Directors' involvement does not give rise to any existing and potential conflict of interest situation due to the following reasons:

- (a) though our Group's business and Beutea Beverage Business operate within the F&B industry, Beutea Beverage Business which focuses on retail sale of tea drinks and snacks, may be distinguished with our Group's business of cafe chain operations as well as the distribution and retail of own brands of packaged foods. Our Group's cafe F&B services are focused on local cuisines servicing the mass markets, while our brands of packaged foods are sold through its cafes, specialty retail store and third party e-commerce platforms and distributed to resellers who are wholesalers and retailers such as supermarkets, hypermarkets, minimarkets, and health and beauty stores. Due to the different products and services offerings of our Group's cafe chain operations as well as our brands of packaged foods, as compared to the Beutea Beverage Business which focuses mainly on retail sale of tea drinks and snacks, the target customers of both businesses would differ depending on their preference;
- (b) the Executive Directors and Promoters in particular Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng, as well as the CFO, Goh Ting Keong, are not involved in the day-to-day management of the Beutea Companies and these companies have their own management teams to undertake their respective day-to-day management and operations;
- (c) Dato' Chan Jian Chern, Chan Yen Min, Koay Song Leng and Goh Ting Keong's involvement in the Beutea Companies are for investment purposes only which do not create a conflict with our Group's business or operations;
- (d) Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng will abstain from deliberation and voting on resolutions in their respective capacity(ies) as Director or shareholder of our Group pertaining to any transactions between our Group and the Beutea Companies, if any;
- (e) Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng have provided Oriental Kopi with an undertaking that they shall not, and shall ensure and procure that partnerships or companies which they are partners or directors or shareholders of, shall not in any way enter into any contracts, arrangements and undertakings or engage in any business that may give rise to a potential conflict of interest or which is in competition whether directly or indirectly with our Group;
- (f) the respective directors of the Beutea Companies have also provided Oriental Kopi with an undertaking that for so long as they are directors of the Beutea Companies and any other new companies to be incorporated for operating the Beutea Beverage Business, that they shall ensure and procure that partnerships or companies which they are partners or directors or shareholders of, shall not in any way enter into any contracts, arrangements and undertakings or engage in any business that may give rise to a potential conflict of interest or which is in competition whether directly or indirectly with our Group; and
- (g) the respective common shareholders of our Group and the Beutea Companies (other than Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng), namely Goh Ting Keong, Wong Ai Kuen, and Wong Kang Xian, have also provided Oriental Kopi with an undertaking that for so long as they are shareholders of our Group:

10. CONFLICT OF INTEREST (Cont'd)

- i. that they shall ensure and procure that partnerships or companies which they are partners or directors or shareholders of, shall not in any way enter into any contracts, arrangements and undertakings or engage in any business that may give rise to a potential conflict of interest or which is in competition whether directly or indirectly with our Group; and
- ii. where required under law, they shall abstain from deliberating and/or voting on resolutions in their capacity as shareholders of our Group pertaining to any transactions between our Group and the Beutea Companies.

In addition to the above, several of our Independent Non-Executive Directors below are/were involved in the F&B industry as follows :

- (1) Tengku Hishammuddin Zaizi, our Independent Non-Executive Chairman is a director of several companies of the iKHASAS group of companies, which is principally a property developer and also involved in the operations of single standalone F&B outlets (Japanese, Korean, steamboat, English breakfast cafe restaurants and family karaoke). As at the LPD, Tengku Hishammuddin Zaizi has resigned as a director from the companies of the iKHASAS group involved in F&B operations; and
- (2) Datin Gan Kok Ling, our Independent Non-Executive Director is a director and shareholder of an investment holding company, Famous Five Ventures Sdn Bhd, which holds investments via shares in a standalone fine dining restaurant/bar business.

The Board is of the view that the involvement and interests of our Independent Non-Executive Directors above does not give rise to any existing and potential conflict of interest situation as they are not involved in the day-to-day operations and management of these companies and the F&B product and offerings of these standalone F&B outlets are different from our Group's cafe chain operations providing F&B services.

Our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and review our Group's current and future related party transactions and ensure that such transactions will be carried out on an arm's length basis and on commercial terms that are not detrimental and are in the best interest of our Group.

Notwithstanding the above, the interests that are held by our Directors and/or substantial shareholders and the interests that may be held by our Directors and/or substantial shareholders in the future in other businesses or corporations which carry on a similar trade as that of our Group or which are our customers or suppliers may give rise to a conflict of interest situation within our business. Where such interests give rise to a conflict of interest situation, our Directors and/or substantial shareholders and persons connected to them shall abstain from deliberating and voting on the resolutions relating to these matters or transactions that require the approval of our shareholders in respect of their direct or indirect interests. Such transactions will be carried out on arm's length basis and on normal commercial terms.

Our Group will also seek such relevant shareholders' approval where required. We will also make disclosures in our annual report of the aggregate value of any recurrent related party transactions to be entered into by us (where required) based on the nature of the transactions made, names of the related parties involved and their relationship with our Group.

10. CONFLICT OF INTEREST (Cont'd)

10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST**10.2.1 Principal Adviser, Sole Underwriter and Placement Agent**

AIS and/or its related companies (“**Alliance Banking Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking and credit transaction services business. The Alliance Banking Group has engaged and may in the future, engage in transactions with and perform services for our Group and/or our Group’s affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of our Group, our shareholders, and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Group and/or our affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of our Group and/or our affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of our Group. Nonetheless, Alliance Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

AIS has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sole Underwriter and Placement Agent to our Group in relation to the Listing. The Underwriting Agreement, which certain details are set out in Section 4.6 of this Prospectus, was entered into on arm’s length basis and on market terms.

10.2.2 Solicitors to our Group

Cheang & Ariff has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the solicitors to our Group in relation to our Listing in respect of Malaysian laws.

Contigo Law LLC has confirmed that it has no existing or potential interest in our Company and there is no existing or potential conflict of interest in its capacity as the solicitors to our Group in relation to our Listing in respect of Singaporean laws.

10.2.3 Auditors and Reporting Accountants

Crowe Malaysia PLT has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.

10.2.4 Independent Business and Market Research Consultants

Vital Factor has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to our Listing.

11. FINANCIAL INFORMATION

11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION

The historical audited combined financial information of our Group for the Financial Years Under Review presented in this section have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the same Financial Years Under Review.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 11.3 of this Prospectus; and
- Accountants' Report set out in Section 12 of this Prospectus.

The historical audited combined financial information included in this Prospectus does not reflect our Group's result of operations, financial position and cash flows in the future. Moreover, our Group's past operating results are not indicative of our Group's future operation performance.

(a) Historical audited combined statements of profit or loss and other comprehensive income of our Group

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Revenue	5,018	48,644	133,013	277,280
Cost of sales	(4,762)	(32,940)	(93,927)	(194,490)
GP	256	15,704	39,086	82,790
Other income	22	180	318	1,523
Selling and distribution expenses	(360)	(1,228)	(5,026)	(10,737)
Administrative expenses	(339)	(1,885)	(5,050)	(12,724)
Finance costs	(56)	(378)	(1,653)	(3,274)
Net impairment losses on financial asset	-	-	(212)	-
Share of result of a joint venture	-	-	-	(56)
(LBT) / PBT	(477)	12,393	27,463	57,522
Income tax expenses	(13)	(2,833)	(7,435)	(14,390)
(LAT) / PAT	(490)	9,560	20,028	43,132
EBITDA ⁽¹⁾	90	15,769	39,460	79,179
Assumed no. of Shares in issue ⁽²⁾ ('000)	2,000,000	2,000,000	2,000,000	2,000,000
Basic and diluted (LPS) / EPS ⁽³⁾ (sen)	(0.02)	0.48	1.00	2.16
GP margin ⁽⁴⁾ (%)	5.10	32.28	29.39	29.86
EBITDA margin ⁽⁵⁾ (%)	1.79	32.42	29.67	28.56
(LBT) / PBT margin ⁽⁶⁾ (%)	(9.51)	25.48	20.65	20.75
(LAT) / PAT margin ⁽⁷⁾ (%)	(9.76)	19.65	15.06	15.56
Effective tax rate ⁽⁸⁾ (%)	(2.73)	22.86	27.07	25.02

11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) EBITDA is calculated as follows:

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
(LAT) / PAT	(490)	9,560	20,028	43,132
Add: Income tax expense	13	2,833	7,435	14,390
Depreciation	511	2,998	10,463	19,305
Finance costs	56	378	1,653	3,274
Less: Interest income	-	-	(119)	(922)
EBITDA	90	15,769	39,460	79,179

- (2) Based on assumed number of Shares in issue of 2,000,000,000 after the Public Issue.
- (3) Based on (LAT)/PAT divided by the assumed number of Shares in issue of 2,000,000,000.
- (4) GP margin is calculated based on GP divided by revenue.
- (5) EBITDA margin is calculated based on EBITDA divided by revenue.
- (6) (LBT)/PBT margin is calculated based on (LBT)/PBT divided by revenue.
- (7) (LAT)/PAT margin is calculated based on (LAT)/PAT divided by revenue.
- (8) Effective tax rate is calculated based on income tax expenses divided by (LBT)/PBT.

There was no exceptional or extraordinary items throughout the Financial Years Under Review. The audited financial statements of our Group for the Financial Years Under Review were not subject to any qualification or modification.

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11. FINANCIAL INFORMATION (Cont'd)**(b) Historical audited combined statements of financial position of our Group**

	←-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
PPE	1,967	6,815	18,574	31,025
Investment in a joint venture	-	-	-	967
Right-of-use assets	4,585	22,636	55,831	69,393
Deferred tax assets	4	72	8	243
	6,556	29,523	74,413	101,628
Current assets				
Inventories	166	821	2,107	6,923
Trade receivables	41	378	2,703	2,397
Other receivables, deposits and prepayments	510	4,420	6,247	10,925
Current tax assets	-	-	-	177
Fixed deposit with a licensed bank	-	-	450	468
Cash and bank balances	1,243	13,255	24,799	58,958
	1,960	18,874	36,306	79,848
Total assets	8,516	48,397	110,719	181,476
EQUITY AND LIABILITIES				
EQUITY				
Share capital	-	-	-	1
Invested capital	2,000	11,190	15,097	15,903
Share application money	-	-	400	-
(Accumulated loss)/ Retained profits	(542)	6,477	18,485	37,617
Total equity	1,458	17,667	33,982	53,521
LIABILITIES				
Non-current liabilities				
Lease liabilities	3,953	18,400	47,552	57,588
Hire purchase payables	-	233	776	1,929
Provision for restoration costs	125	447	951	2,360
Deferred tax liabilities	6	236	280	26
	4,084	19,316	49,559	61,903
Current liabilities				
Trade payables	168	702	1,890	5,742
Other payables and accruals	2,201	3,619	8,016	34,099
Lease liabilities	594	4,360	9,972	14,409
Hire purchase payables	-	51	207	540
Contract liabilities	-	-	-	345
Current tax liabilities	11	2,682	7,093	10,917
	2,974	11,414	27,178	66,052
Total liabilities	7,058	30,730	76,737	127,955
Total equity and liabilities	8,516	48,397	110,719	181,476

11. FINANCIAL INFORMATION (Cont'd)

11.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our Group's capitalisation and indebtedness:

- (i) as at 8 November 2024, after taking into account the Acquisitions but before the Public Issue and use of proceeds; and
- (ii) after adjusting for the proceeds arising from our Public Issue and use of proceeds from the Public Issue.

	(Unaudited) As at 8 November 2024 RM'000	After the Public Issue and use of proceeds RM'000
INDEBTEDNESS		
<u>Current</u>		
Secured and guaranteed:		
• Hire purchase payables	544	544
Unsecured and unguaranteed:		
• Lease liabilities	14,503	14,503
	15,047	15,047
<u>Non-current</u>		
Secured and guaranteed:		
• Hire purchase payables	1,876	1,876
Unsecured and unguaranteed:		
• Lease liabilities	57,730	57,730
	59,606	59,606
Total Indebtedness	74,653	74,653
CAPITALISATION		
Shareholders' equity	59,871	236,235
Total capitalisation and indebtedness	134,524	310,888
Gearing ratio (times)*	0.04	0.01

Note:

- * Computed based on total indebtedness (excluding lease liabilities) divided by our shareholders' equity.

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11. FINANCIAL INFORMATION (Cont'd)

11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

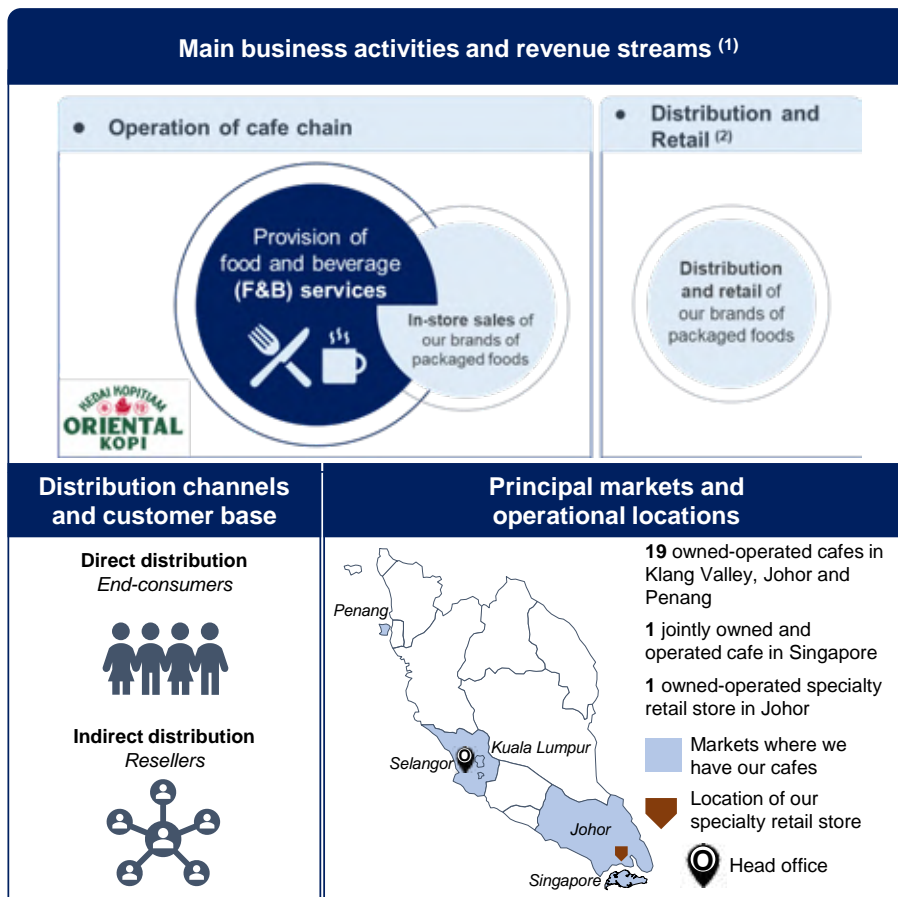
The following discussion and analysis should be read together with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

11.3.1 Overview of our operations

Our Company is an investment holding company and through our Subsidiaries are principally involved in cafe chain operations as well as distribution and retail of our own brands of packaged foods. Our cafe chain operates under the *Oriental Kopi* brand providing F&B services and in-store sales of packaged foods. As at the LPD, we have established a total of 12 owned-operated cafes in Klang Valley, 6 owned-operated cafes in Johor, 1 owned-operated cafe in Penang and 1 jointly owned and operated cafe in Singapore in different types of premises including shopping malls, shop lots and airport retail mall. In addition, we have 1 specialty retail store in a St. Giles Southkey Hotel in Johor.

A summary of our business model is set out as follows:



11. FINANCIAL INFORMATION (Cont'd)

Notes:

- (1) Our main business activities are in the operations of cafe chain, and distribution and retail of our brand of packaged foods. In addition, a small proportion of our revenue were from trading of materials, consumables and equipment. In April 2024, we ceased our trading operations to related parties. Please refer to Section 9.1 of this Prospectus for further details.
- (2) Include sales of our brand of packaged foods through resellers, third party e-commerce platforms, our website as well as a specialty retail store. We commenced operations of our first specialty retail store in April 2024.

Please refer to Section 6.4 of this Prospectus for further details on our business overview.

11.3.2 Review of operations**(a) Revenue**

Our revenue is derived from the following:

(i) Operations of our brand of cafe chain**• F&B services**

Our *Oriental Kopi* cafes provide F&B services focusing on local Malaysian cuisine in a cafe casual cafe setting. We target the mass market and we offer a diverse Malaysian menu comprising mainly local cuisine including hot meals, snacks, pastries, desserts, cold drinks and hot/cold coffee and tea.

• In-store sales of own brands of packaged foods

Within our cafe chain operations, we also sell our brands of packaged foods to end-consumers at our cafes. Our packaged foods are marketed under our brands, comprising *Oriental Kopi* mainly for packaged coffee and tea, and *Oriental* mainly for spreads, pastries, instant noodles as well as other seasonal packaged foods such as moon cakes.

(ii) Distribution and retail of our brands of packaged foods

We are also involved in the distribution and retail of our brands of packaged foods. As at the LPD, the types of foods include packaged coffee and tea, spreads, pastries, instant noodles as well as others including seasonal packaged foods such as moon cakes. We do not manufacture any of these packaged foods, which are manufactured by third parties while we would mainly brand them under our *Oriental* and *Oriental Kopi* brands for sales. We distribute our brands of packaged foods to reseller including wholesalers and retailers such as supermarkets, hypermarkets, minimarkets, and health and beauty stores that resell our products to their customers.

We also have online presence to carry out retail sales of our brands of packaged foods through our website and third-party platforms including Shopee and Lazada. In addition, we retail our brands of packaged foods through our *Oriental Kopi* brand specialty retail store in Johor. Our first specialty retail store commenced operations in April 2024.

11. FINANCIAL INFORMATION (Cont'd)

(iii) Others

We are also involved in the trading of materials, consumables and equipment. In April 2024, we ceased the trading operations.

For the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, the cafe chain operations segment was our largest revenue contributor which accounted for more than 90.00% of our total revenue and followed by our distribution and retail of packaged foods which accounted for 1.04%, 1.01%, 2.26% and 4.16% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively. In addition, a small proportion of our revenue was derived from trading of materials, consumables and equipment, which contributed 3.00% or less of our total revenue for the Financial Years Under Review.

During the Financial Years Under Review, our revenue was derived entirely from local market.

Generally, our revenue from the cafe chain operations and sales of own brands of packaged foods are recognised at the point in time when the control of our products has been transferred, being when our customers are served with the F&B and upon accepting the delivery of the goods.

Our revenue is mainly driven by the following key factors:

- (i) the extensive of our cafe chain operations network and presence;
- (ii) the number of distribution points and range of our brands of packaged foods offerings;
- (iii) the ability to continuously develop recipes and menu offerings and adapting to consumer changes in the culinary trends and dining experiences which may affect the market demand for our products and services; and
- (iv) the competition from other operators in F&B services industry which may affect the selling price and sales of our products and services.

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11. FINANCIAL INFORMATION (Cont'd)

The number of cafes that contributed to our Group's revenue for each financial years are tabulated as follows:

FYE	Total number of cafes operating during the FYE	New cafes opened during the FYE		Commencement Date
		Number	Locations	
2021	2	2	Taman Johor Jaya, Johor The Mall, Mid Valley Southkey, Johor	December 2020 May 2021
2022	5	3	Bandar Puteri Puchong, Selangor Pavilion Bukit Jalil Mall, Kuala Lumpur Mid Valley Megamall, Kuala Lumpur	November 2021 April 2022 July 2022
2023	11	6	KLIA 2 Retail Mall (arrival level), Selangor Sunway Pyramid Mall, Selangor AEON Mall Tebrau City, Johor Pavilion Kuala Lumpur Mall, Kuala Lumpur KLIA 2 Retail Mall (departure level), Selangor Johor Bahru City Square Mall, Johor	November 2022 December 2022 April 2023 June 2023 July 2023 August 2023
2024	17	6	The Exchange TRX, Kuala Lumpur Suria KLCC Mall, Kuala Lumpur IOI City Mall, Putrajaya Gurney Plaza Mall, Penang Pavillion Damansara Heights Mall, Kuala Lumpur AEON Mall Bukit Indah, Johor	November 2023 December 2023 January 2024 June 2024 August 2024 September 2024

The breakdown of our Group's revenue by business activities for the Financial Years Under Review is as follows:

Business activities	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cafe chain operations	4,951	98.66	48,108	98.90	126,071	94.78	260,878	94.08
F&B services	4,866	96.97	45,457	93.45	114,938	86.41	224,912	81.11
In-store sales of packaged foods ⁽¹⁾	85	1.69	2,651	5.45	11,133	8.37	35,966	12.97
Distribution and retail of packaged foods ⁽²⁾	52	1.04	494	1.01	3,011	2.26	11,520	4.16
Others ⁽³⁾	15	0.30	42	0.09	3,931	2.96	4,882	1.76
Total revenue	5,018	100.00	48,644	100.00	133,013	100.00	277,280	100.00

Notes:

- (1) Refer to in-store sales of our brands of packaged foods in our cafes including packaged coffee and tea, spreads, pastries, instant noodle as well as others including seasonal packaged foods such as moon cakes.

11. FINANCIAL INFORMATION (Cont'd)

- (2) Include packaged coffee and tea, spreads, pastries, instant noodles as well as others including seasonal packaged foods such as moon cakes.
- (3) Others include trading of materials, consumables and equipment which were ceased in April 2024. Please refer to Section 9.1 of this Prospectus for further details on our trading operations.

Commentary:Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our total revenue increased by RM43.62 million or 868.92% to RM48.64 million (FYE 2021: RM5.02 million). The increase in total revenue for the FYE 2022 was due to the increase in revenue from both our cafe chain operations, and distribution and retail of packaged foods.

Cafe chain operations

For the FYE 2022, our revenue from the cafe chain operations increased by RM43.16 million or 871.92% to RM48.11 million (FYE 2021: RM4.95 million) wherein our F&B services recorded an increase in revenue by RM40.59 million or 833.47% to RM45.46 million (FYE 2021: RM4.87 million) and our in-store sales of packaged foods increased by RM2.56 million or 2,844.44% to RM2.65 million (FYE 2021: RM0.09 million). These were mainly due to the following factors:

- (i) increase in number of cafes from 2 cafes in the FYE 2021 to 5 cafes in the FYE 2022 as we expanded our cafe chain operations to Klang Valley in Bandar Puteri Puchong, Selangor, followed by Pavilion Bukit Jalil Mall and Mid Valley Megamall in Kuala Lumpur. These outlets also contributed the highest revenue to our Group in the FYE 2023; and
- (ii) increase in our in-store sales of packaged foods mainly due to increased number of cafes which increased customers' accessibility to our products as well as the introduction of new range of products such as instant noodles, pastries and spreads.

Distribution and retail of packaged foods

For the FYE 2022, our revenue from the distribution and retail of packaged foods increased by RM0.44 million or 880.00% to RM0.49 million (FYE 2021: RM0.05 million) mainly due to increase in revenue of packaged coffee and pastries as we started to distribute our packaged foods to supermarkets who resell our products to their customers. In addition, during the FYE 2022, we have online presence to carry out retail sales of our packaged foods through third-party e-commerce platforms including Shopee and Lazada.

Others

For the FYE 2022, our revenue from others increased by RM0.02 million or 100.00% to RM0.04 million (FYE 2021: RM0.02 million) which was attributed to the trading of packaging materials and consumables.

11. FINANCIAL INFORMATION (Cont'd)Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our total revenue increased by RM84.37 million or 173.46% to RM133.01 million (FYE 2022: RM48.64 million). The increase in total revenue for the FYE 2023 was due to the increase in revenue from our cafe chain operations, and distribution and retail of packaged foods as well as others.

Cafe chain operations

For the FYE 2023, our revenue from the cafe chain operations increased by RM77.96 million or 162.05% to RM126.07 million (FYE 2022: RM48.11 million) wherein we recorded an increase in revenue from F&B services by RM69.48 million or 152.84% to RM114.94 million (FYE 2022: RM45.46 million) and increase in our in-store sales of packaged foods by RM8.48 million or 320.00% to RM11.13 million (FYE 2022: RM2.65 million). These were mainly due to the following factors:

- (i) increase in number of cafes from 5 cafes in the FYE 2022 to 11 cafes in the FYE 2023 as we expanded our cafe chain operations to airport retail mall at KLIA 2 Retail Mall (arrival level) and KLIA 2 Retail Mall (departure level) as well as more new cafes in Johor and Klang Valley, namely Sunway Pyramid Mall, AEON Mall Tebrau City, Pavilion Kuala Lumpur Mall and Johor Bahru City Square Mall; and
- (ii) increase in our in-store sales of packaged foods mainly due to the following factors:
 - (a) increased numbers of cafes which increased customers' accessibility to our products;
 - (b) introduction of new range of products including new varieties of packaged coffee such as drip coffee and seasonal packaged foods such as moon cakes; and
 - (c) increased brand awareness and market acceptance among customers for our packaged foods.

Distribution and retail of packaged foods

For the FYE 2023, our revenue from the distribution and retail of packaged foods increased by RM2.52 million or 514.29% to RM3.01 million (FYE 2022: RM0.49 million) mainly due to the following factors:

- (i) expansion of our distribution of packaged foods to more resellers such as supermarkets and minimarkets to resell our products to their customers; and
- (ii) increased brand awareness and market acceptance among customers for our packaged foods.

Others

For the FYE 2023, our revenue from others increased by RM3.89 million or 9,725.00% to RM3.93 million (FYE 2022: RM0.04 million) mainly due to the increased revenue from trading of materials, consumables and equipment. In April 2024, we ceased the trading operations. Please refer to Section 9.1.1 of this Prospectus for further details.

11. FINANCIAL INFORMATION (Cont'd)Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our total revenue increased by RM144.27 million or 108.47% to RM277.28 million (FYE 2023: RM133.01 million). The increase in total revenue for the FYE 2024 was due to the increase in revenue from our cafe chain operations, and distribution and retail of packaged foods.

Cafe chain operations

For the FYE 2024, our revenue from the cafe chain operations increased by RM134.81 million or 106.93% to RM260.88 million (FYE 2023: RM126.07 million) wherein we recorded an increase in revenue from F&B services by RM109.97 million or 95.68% to RM224.91 million (FYE 2023: RM114.94 million) and increase in our in-store sales of packaged foods by RM24.84 million or 223.18% to RM35.97 million (FYE 2023: RM11.13 million). These were mainly due to the following factors:

- (i) increase in number of cafes from 11 cafes in the FYE 2023 to 17 cafes in the FYE 2024, with the expansion of 4 cafes in Klang Valley, including The Exchange TRX, Suria KLCC Mall, IOI City Mall, Pavilion Damansara Heights Mall; 1 cafe in Johor at AEON Mall Bukit Indah; and 1 cafe in the northern region at Gurney Plaza Mall, Penang;
- (ii) increase in our in-store sales of packaged foods mainly due to the following factors:
 - (a) increased numbers of cafes which increased customers' accessibility to our products;
 - (b) introduction of new range of products including new varieties of packaged coffee and tea such as Himalaya salt coffee, hazelnut white coffee, extra kaw white coffee, teh tarik and packaged chocolate drink; and
 - (c) increased brand awareness and market acceptance among customers for our packaged foods.

Distribution and retail of packaged foods

For the FYE 2024, our revenue from the distribution and retail of packaged foods increased by RM8.51 million or 282.72% to RM11.52 million (FYE 2023: RM3.01 million) mainly due to the following factors:

- (i) expansion of our distribution of packaged foods to more resellers such as supermarkets, hypermarkets, minimarkets, health and beauty stores to resell our products to their customers;
- (ii) leveraging on the increased brand awareness and market acceptance among customers for our packaged foods; and
- (iii) expansion to foreign country where we secured order for the export sales of our packaged foods to reseller in Hong Kong.

Others

For the FYE 2024, our revenue from others increased by RM0.95 million or 24.17% to RM4.88 million (FYE 2023: RM3.93 million) mainly due to the increased revenue from trading of materials, consumables and equipment. In April 2024, we ceased the trading operations. Please refer to Section 9.1.1 of this Prospectus for further details.

11. FINANCIAL INFORMATION (Cont'd)**(b) Cost of sales**

Our cost of sales comprises mainly the material costs, labour costs and overhead costs.

(i) Material costs

Material costs consist of the purchase for the following:

F&B services

Material costs for F&B services include:

- ingredients for cooking such as ready-to-cook meat and seafood, bakery products, vegetables, culinary paste, sauces and syrups, food seasonings, spices and toppings, eggs, rice and noodles, whipping cream and dairy products;
- beverage ingredients such as coffee and tea, fruits paste and syrups, beverage toppings, desserts ingredients and soft drinks; and
- others such as packaging materials.

Our brands of packaged foods

Material costs for packaged foods include finished goods such as packaged coffee and tea, spreads, sauces, instant noodles, pastries as well as seasonal packaged foods such as moon cakes.

Material costs constituted the largest component in our cost of sales which accounted for RM2.69 million (56.55%), RM19.81 million (60.13%), RM52.40 million (55.79%) and RM109.80 million (56.45%) of our total cost of sales for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

(ii) Labour costs

Labour costs relate to salaries and wages, allowances, bonuses and other workers' related expenses for our workers at the cafes.

Labour costs accounted for RM0.85 million (17.81%), RM6.26 million (19.01%), RM17.65 million (18.78%) and RM35.79 million (18.40%) of our total cost of sales for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

(iii) Overhead costs

Overhead costs consist mainly of utility expenses, rental expenses (comprising variable lease payments and depreciation of right-of-use ("ROU") assets), depreciation of PPE and upkeep of PPE in relation to our cafe chain operations and warehouse.

Overhead costs accounted for RM1.22 million (25.64%), RM6.87 million (20.86%), RM23.88 million (25.43%) and RM48.91 million (25.15%) of our total cost of sales for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

The major factors affecting our cost of sales, GP and GP margin include, inter alia, the following:

- inflationary pressure which caused an increase to our cost of sales such as increased cost of purchase for our materials and higher labour costs;

11. FINANCIAL INFORMATION (Cont'd)

- our ability to continually source and purchase quality F&B ingredients from our suppliers at competitive price;
- our pricing strategy on our F&B menu and our own brands of packaged foods products offerings;
- composition of sales mix where our sales of own brands of packaged foods commanded better GP margin compared to the sales derived from the provision of F&B services from our cafe chain operations; and
- rental expenses which is subject to the prevailing market conditions, location and demand as well as the rental rates and tenancy periods imposed by the respective landlords of our existing cafes which may subject to change upon expiry of the tenancy agreement.

The breakdown of our cost of sales by cost component for the Financial Years Under Review is as follows:

Type of cost component	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Material costs	2,693	56.55	19,807	60.13	52,399	55.79	109,796	56.45
Labour costs	848	17.81	6,263	19.01	17,645	18.78	35,785	18.40
Overhead costs	1,221	25.64	6,870	20.86	23,883	25.43	48,909	25.15
Total cost of sales	4,762	100.00	32,940	100.00	93,927	100.00	194,490	100.00

Commentary:

Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our total cost of sales increased by RM28.18 million or 592.02% to RM32.94 million (FYE 2021: RM4.76 million). The increase in total cost of sales was mainly driven by the increase in material costs by RM17.12 million or 636.43% to RM19.81 million (FYE 2021: RM2.69 million), which mainly attributable to the purchase of ready-to-cook meat and seafood, bakery products, beverage ingredients such as coffee and tea and packaging materials to cater for the increase in demand for our cafe chain operations.

For the FYE 2022, the labour costs increased by RM5.41 million or 636.47% to RM6.26 million (FYE 2021: RM0.85 million) as we recruited more workers to support the expansion of our cafes.

For the FYE 2022, the overhead costs increased by RM5.65 million or 463.11% to RM6.87 million (FYE 2021: RM1.22 million) which was mainly due to the increase in rental expenses charged based on fixed rental and/or percentage of monthly gross sales, depreciation of PPE as well as upkeep of PPE in view of our expansion of cafe chain operations and in tandem with our growth in revenue.

11. FINANCIAL INFORMATION (Cont'd)Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our total cost of sales increased by RM60.99 million or 185.15% to RM93.93 million (FYE 2022: RM32.94 million) mainly attributable to the increase in material costs by RM32.59 million or 164.51% to RM52.40 million (FYE 2022: RM19.81 million), which mainly attributable to the purchase of ready-to-cook meat and seafood, bakery products, beverage ingredients such as coffee and tea, vegetables and food seasonings, spices and toppings to cater for the increase in demand for our cafe chain operations. In addition, the finished products sourced from suppliers for the distribution and retail of packaged foods also increased where we distributed to more resellers and expansion of cafes.

For the FYE 2023, the labour costs increased by RM11.39 million or 181.95% to RM17.65 million (FYE 2022: RM6.26 million) as we hired more permanent staff and part time workers for the F&B services in our cafes.

For the FYE 2023, the overhead costs increased by RM17.01 million or 247.60% to RM23.88 million (FYE 2022: RM6.87 million) which was mainly due to the increase in the rental expenses charged based on percentage of monthly gross sales, rental of warehouse which tenancy started from July 2022, depreciation of PPE as well as upkeep of PPE in view of our expansion of cafe chain operations.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our total cost of sales increased by RM100.56 million or 107.06% to RM194.49 million (FYE 2023: RM93.93 million) mainly attributable to the increase in material costs by RM57.40 million or 109.54% to RM109.80 million (FYE 2023: RM52.40 million). This was mainly due to:

- (i) increase in purchase of ready-to-cook meat and seafood, bakery products as well as the finished goods for the sales of packaged foods to cater for the increase in demand arising from the expansion of our Group's cafe chain operations; and
- (ii) increase in costs incurred in complying with Halal ingredient requirements.

The labour costs increased by RM18.14 million or 102.78% to RM35.79 million (FYE 2023: RM17.65 million) as we recruited more permanent staff and part time workers to support our expansion of cafe chain operations.

The overhead costs increased by RM25.03 million or 104.82% to RM48.91 million (FYE 2023: RM23.88 million) which was mainly due to the increase in the rental expenses charged based on percentage of monthly gross sales and depreciation of ROU in view of the expansion of cafe chain operations.

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11. FINANCIAL INFORMATION (Cont'd)**(c) GP and GP margin**

The breakdown of our Group's GP and GP margin by business activities for the Financial Years Under Review are as follows:

	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
Business activities	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Cafe chain operations	229	89.45	15,434	98.28	36,858	94.30	75,948	91.73
F&B services	188	73.44	14,004	89.17	30,617	78.33	56,556	68.31
In-store sales of packaged foods ⁽¹⁾	41	16.01	1,430	9.11	6,241	15.97	19,392	23.42
Distribution and retail of packaged foods ⁽²⁾	25	9.77	264	1.68	1,638	4.19	5,975	7.22
Others ⁽³⁾	2	0.78	6	0.04	590	1.51	867	1.05
Total gross profit	256	100.00	15,704	100.00	39,086	100.00	82,790	100.00

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
	%	%	%	%
Cafe chain operations	4.63	32.08	29.24	29.11
F&B services	3.86	30.81	26.64	25.15
In-store sales of packaged foods ⁽¹⁾	48.24	53.94	56.06	53.92
Distribution and retail of packaged foods ⁽²⁾	48.08	53.44	54.40	51.87
Others ⁽³⁾	13.33	14.29	15.01	17.76
Overall GP margin	5.10	32.28	29.39	29.86

Notes:

- (1) Refer to in-store sales of our brands of packaged foods in our cafes including packaged coffee and tea, spreads, pastries, instant noodle as well as others including seasonal packaged foods such as moon cakes.
- (2) Include packaged coffee and tea, spreads, pastries, instant noodles as well as others seasonal packaged foods such as moon cakes.
- (3) Others include trading of materials, consumables and equipment which has ceased in April 2024. Please refer to Section 9.1 of this Prospectus for further details on our trading operations.

11. FINANCIAL INFORMATION (Cont'd)

Commentary:Comparison between FYE 2021 and FYE 2022

Our overall GP for the FYE 2022 increased by RM15.44 million or 5,938.46% to RM15.70 million (FYE 2021: RM0.26 million) mainly due to higher revenue for the FYE 2022 as a result of business expansion.

Our overall GP margin improved from 5.10% in the FYE 2021 to 32.28% in the FYE 2022 mainly due to the following:

- (i) achieved operational efficiency wherein we had 5 cafes operating in the FYE 2022 as compared to FYE 2021 where only 2 cafes in operations which commenced business in December 2020 and May 2021. During this period, our cafe chain operations was adversely affected by the MCOs during COVID-19 pandemic;
- (ii) revision of selling prices for certain menu for our F&B services in cafe chain operations; and
- (iii) higher sales of in-store and distribution of packaged foods which was of higher GP margin compared to F&B services.

Comparison between FYE 2022 and FYE 2023

Our overall GP for the FYE 2023 increased by RM23.39 million or 148.98% to RM39.09 million (FYE 2022: RM15.70 million) mainly due to higher revenue achieved as a result of further business expansion and growth.

Despite the increase in overall GP, our overall GP margin decreased from 32.28% in the FYE 2022 to 29.39% in the FYE 2023 mainly due to the following:

- (i) increase in the cost of purchase for our overall material costs such as ingredients for cooking, beverage ingredients and packaging materials due to general rising food prices as a result of global food inflation; and
- (ii) increase in labour costs mainly due to:
 - enforcement of the maximum working hours reduced from 48 to 45 hours per week which led to increase in overtime payment; and
 - recruitment of additional permanent staff and part-time workers to cater for our expansion of cafe chain operations.

Comparison between FYE 2023 and FYE 2024

Our overall GP for the FYE 2024 increased by RM43.70 million or 111.79% to RM82.79 million (FYE 2023: RM39.09 million) mainly due to higher revenue for the FYE 2024 as a result of business expansion.

Our overall GP margin improved marginally from 29.39% in the FYE 2023 to 29.86% in the FYE 2024 mainly due to the higher sales of in-store sales as well as distribution and retail of packaged foods which was of higher GP margin compared to F&B services.

11. FINANCIAL INFORMATION (Cont'd)

Nonetheless, the GP margins of our cafe chain operations, including F&B services and in-store sales of packaged foods, as well as our distribution and retail of packaged foods had decreased in the FYE 2024 which were mainly attributed to higher costs incurred in complying with Halal ingredient requirements and increase in coffee bean prices.

These were partly offset by revision of selling prices for certain in-store sales of packaged foods.

(d) Other income

Our Group recorded other income of RM0.02 million, RM0.18 million, RM0.32 million and RM1.52 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. The breakdown of our other income for the Financial Years Under Review is as follows:

	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Wages subsidy ⁽¹⁾	21	95.45	96	53.33	16	5.03	7	0.46
Sales of used oil	1	4.55	10	5.56	61	19.18	207	13.59
Interest income	-	-	-	-	119	37.42	922	60.54
Rental income	-	-	50	27.78	42	13.21	5	0.33
Gain on lease modification/ termination ⁽²⁾	-	-	-	-	17	5.35	123	8.08
Others ⁽³⁾	-	-	24	13.33	63	19.81	259	17.00
Total	22	100.00	180	100.00	318	100.00	1,523	100.00

Notes:

- (1) Wage subsidy received from SOCSO (PERKESO) under the Prihatin Rakyat Economic Stimulus Package (PrihatinPKS+) Wage Subsidy Programme during the COVID-19 pandemic period.
- (2) Gain arising from modification/termination of several tenancy agreements.
- (3) Mainly consist of additional uniform sold to employees and sponsorship from suppliers for our Group's annual dinner.

Commentary:Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an increase in other income by RM0.16 million or 800.00% to RM0.18 million (FYE 2021: RM0.02 million). The increase in other income was mainly due to the following:

- (i) increase in wages subsidy received as we recruited more staff in the FYE 2022; and
- (ii) rental income received for sub-renting of premise to third party at our Bandar Puteri Puchong cafe.

11. FINANCIAL INFORMATION (Cont'd)

Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our Group recorded an increase in other income by RM0.14 million or 77.78% to RM0.32 million (FYE 2022: RM0.18 million). The increase in other income was mainly due to the following:

- (i) interest income received due to higher cash placement with financial institutions; and
- (ii) increase in sales of used oil from our F&B services as our cafe chain operations expanded.

However, such increase in other income was partly offset by decrease in wages subsidy following the end of the wage subsidy programme.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our Group recorded an increase in other income by RM1.20 million or 375.00% to RM1.52 million (FYE 2023: RM0.32 million). The increase in other income was mainly due to the following:

- (i) increase in interest income due to higher cash placement with financial institutions as a result of higher cash generated from operating activities which in line with the increase of revenue from RM133.01 million for the FYE 2023 to RM277.28 million for the FYE 2024;
- (ii) increase in sales of used oil from our F&B services as our cafe chain operations expanded; and
- (iii) increase in gain on lease termination.

(e) Selling and distribution expenses

Our Group incurred selling and distribution expenses of RM0.36 million, RM1.23 million, RM5.03 million and RM10.74 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. The breakdown of our selling and distribution expenses for the Financial Years Under Review is as follows:

	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Food delivery commission	264	73.33	420	34.20	2,249	44.75	4,619	43.02
Advertisement and marketing	73	20.28	142	11.56	769	15.30	2,352	21.90
Transportation	16	4.44	164	13.36	626	12.46	1,434	13.36
Staff costs	-	-	349	28.42	994	19.78	1,229	11.45
Credit card charges	7	1.95	153	12.46	388	7.71	1,103	10.27
Total	360	100.00	1,228	100.00	5,026	100.00	10,737	100.00

11. FINANCIAL INFORMATION (Cont'd)**Commentary:**Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an increase in selling and distribution expenses by RM0.87 million or 241.67% to RM1.23 million (FYE 2021: RM0.36 million). The increase in selling and distribution expenses was mainly due to the following:

- (i) overall increase in food delivery commission paid to third party e-commerce platform, advertisement and marketing expenses, transportation and credit card charges by RM0.52 million in aggregate, which were in line with the increase in our revenue; and
- (ii) staff costs amounted to RM0.35 million incurred following the establishment of marketing department, and business development and FMCG department during the FYE 2022.

Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our Group recorded an increase in selling and distribution expenses by RM3.80 million or 308.94% to RM5.03 million (FYE 2022: RM1.23 million). The increase in selling and distribution expenses was mainly due to the following:

- (i) overall increase in food delivery commission to third party e-commerce platform, advertisement and marketing expenses, transportation and credit card charges by RM3.15 million in aggregate which were in line with the increase in our cafe chain operations revenue; and
- (ii) increase in staff costs by RM0.64 million due to expansion in marketing department, and business development and FMCG department.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our Group recorded an increase in selling and distribution expenses by RM5.71 million or 113.52% to RM10.74 million (FYE 2023: RM5.03 million). The increase in selling and distribution expenses was mainly due to the overall increase in food delivery commission to third-party e-commerce platform, advertisement and marketing expenses, transportation and credit card charges which were in line with the increase in our cafe chain operations revenue.

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11. FINANCIAL INFORMATION (Cont'd)**(f) Administrative expenses**

Our Group incurred administrative expenses of RM0.34 million, RM1.89 million, RM5.05 million and RM12.72 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. The breakdown of our administrative expenses for the Financial Years Under Review is as follows:

	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration	89	26.25	457	24.25	565	11.19	1,147	9.02
Staff costs	39	11.50	365	19.36	1,261	24.97	3,263	25.65
Professional fees	99	29.20	388	20.58	1,140	22.57	3,573	28.08
Office and warehouse expenses	55	16.22	272	14.43	867	17.17	2,816	22.13
Depreciation of PPE and ROU assets	8	2.36	127	6.74	632	12.52	622	4.89
Upkeep of PPE	9	2.66	161	8.54	170	3.37	512	4.02
Utilities	9	2.66	45	2.39	182	3.60	171	1.34
Others ⁽¹⁾	31	9.15	70	3.71	233	4.61	620	4.87
Total	339	100.00	1,885	100.00	5,050	100.00	12,724	100.00

Note:

(1) Mainly consist of bank charges, insurance and road tax.

Commentary:Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an increase in administrative expenses by RM1.55 million or 455.88% to RM1.89 million (FYE 2021: RM0.34 million). The increase in administrative expenses was mainly due to the following:

- (i) increase in directors' remuneration by RM0.37 million;
- (ii) increase in staff costs by RM0.33 million mainly due to hiring of additional administrative staffs to support our Group's business growth and expansion;
- (iii) increase in professional fees by RM0.29 million mainly due to design and drawing fees for the 3 new cafes opened during FYE 2022 and audit fee, accounting fee, tax fee incurred for additional subsidiaries incorporated during the FYE 2022; and
- (iv) increase in office and warehouse expenses by RM0.22 million.

11. FINANCIAL INFORMATION (Cont'd)Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our Group recorded an increase in administrative expenses by RM3.16 million or 167.20% to RM5.05 million (FYE 2022: RM1.89 million). The increase in administrative expenses was mainly due to the following:

- (i) increase in directors' remuneration by RM0.11 million;
- (ii) increase in staff costs by RM0.89 million mainly due to additional administrative and operations staff recruited to support our Group's business growth and expansion;
- (iii) increase in professional fees by RM0.75 million mainly due to professional fees incurred in relation to the Listing;
- (iv) increase in office and warehouse expenses by RM0.60 million; and
- (v) increase in the depreciation of PPE and ROU by RM0.50 million as a result of additional rental incurred for management staff's accommodation during the FYE 2023.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our Group recorded an increase in administrative expenses by RM7.67 million or 151.88% to RM12.72 million (FYE 2023: RM5.05 million). The increase in administrative expenses was mainly due to the following:

- (i) increase in directors' remuneration by RM0.58 million;
- (ii) increase in staff costs by RM2.00 million due to additional administrative and operations staff recruited to support our Group's business growth and expansion;
- (iii) increase in professional fees by RM2.43 million mainly due to professional fees incurred in relation to the Listing; and
- (iv) increase in office and warehouse expenses by RM1.95 million.

(g) Net impairment losses on financial assets

Our Group incurred net impairment losses on financial assets of RM0.21 million in the FYE 2023, which were in relation to trade receivables. This was mainly due to higher general allowance made for expected credit loss in accordance with MFRS 9 after taking into consideration the loss given default and probability of default assigned and were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of our customers to settle their debts.

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11. FINANCIAL INFORMATION (Cont'd)**(h) Finance costs**

Our Group incurred finance costs of RM0.06 million, RM0.38 million, RM1.65 million and RM3.27 million for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively. The breakdown of our finance costs for the Financial Years Under Review is as follows:

	<-----Audited----->							
	FYE 2021		FYE 2022		FYE 2023		FYE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Lease liabilities	56	100.00	372	98.41	1,611	97.46	3,197	97.65
Hire purchase	-	-	6	1.59	42	2.54	77	2.35
Total	56	100.00	378	100.00	1,653	100.00	3,274	100.00

Commentary:Comparison between FYE 2021 and FYE 2022

For the FYE 2022, our Group recorded an increase in finance costs by RM0.32 million or 533.33% to RM0.38 million (FYE 2021: RM0.06 million) which was mainly due to the higher interest incurred on lease liabilities. This was attributed to the increase in ROU assets recognised in relation to the rental of additional cafes in shopping malls and shop lots during the financial year.

Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our Group recorded an increase in finance costs of RM1.27 million or 334.21% to RM1.65 million (FYE 2022: RM0.38 million) which was mainly due to the following:

- (i) increase in interest on lease liabilities as a result of increase in ROU assets for rental of addition cafes in shopping malls and airport retail mall; and
- (ii) increase in hire purchase of motor vehicles as we expanded our transportation fleet to cater for the delivery of materials and products to the additional cafes.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our Group recorded an increase in finance costs of RM1.62 million or 98.18% to RM3.27 million (FYE 2023: RM1.65 million) which was mainly due to the increase in lease liabilities as a result of increase in ROU assets for rental of additional cafes in shopping malls.

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11. FINANCIAL INFORMATION (Cont'd)**(i) Income tax expenses**

The breakdown of our income tax expenses for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Income tax expense (RM'000)	13	2,833	7,435	14,390
Effective tax rate (%) ⁽¹⁾	(2.73)	22.86	27.07	25.02
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Note:

- (1) Effective tax rate is calculated based on income tax expenses divided by (LBT)/PBT.

For the FYE 2021, we incurred income tax expenses of RM0.01 million despite recorded a LBT mainly due to add back of non-deductible expenses.

Our effective tax rate for FYE 2022 was 22.86% which was 1.14% lower than the statutory tax rate mainly due to tax saving on the first tranche of chargeable income of RM0.60 million at tax rate of 17.00% for our Subsidiaries, for which the issued share capital is not more than RM2.50 million.

Our effective tax rate for FYE 2023 was 27.07% which was 3.07% more than the statutory tax rate mainly due the following:

- (i) higher non-deductible expenses in relation to depreciation of PPE and professional fees; and
- (ii) under-provision of income tax and deferred tax in previous financial year.

Notwithstanding the above, the higher tax rate was partly offset by the tax saving on the first tranche of chargeable income of RM0.15 million at tax rate of 15.00% whereby the next RM0.45 million at tax rate of 17% for our Subsidiaries, for which the issued share capital is not more than RM2.50 million.

Our effective tax rate for FYE 2024 was 25.02% which was 1.02% higher than the statutory tax rate mainly due to higher non-deductible expenses in relation to depreciation of PPE and professional fees.

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11. FINANCIAL INFORMATION (Cont'd)**(j) (LBT)/PBT, (LBT)/PBT margin, (LAT)/PAT and (LAT)/PAT margin**

The (LBT)/PBT, (LBT)/PBT margin, (LAT)/PAT and (LAT)/PAT margin of our Group for the Financial Years Under Review are as follows:

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
(LBT)/ PBT (RM'000)	(477)	12,393	27,463	57,522
(LAT)/ PAT (RM'000)	(490)	9,560	20,028	43,132
(LBT)/ PBT margin (%)	(9.51)	25.48	20.65	20.75
(LAT)/ PAT margin (%)	(9.76)	19.65	15.06	15.56

Commentary:Comparison between FYE 2021 and FYE 2022

Our Group recorded a LBT and LAT of RM0.48 million and RM0.49 million, respectively, in FYE 2021, which was mainly due to the following:

- (i) lower revenue generated during various phases of MCOs. Despite this, the fixed cost such as rental, labour cost continued to incur. Our Group did not exercise retrenchment during these periods; and
- (ii) pre-operating expenses such as renovation, interior design expenses, purchase of fittings and equipment, incurred for our new cafes at The Mall, Mid Valley Southkey which started operations in May 2021 and Bandar Puteri Puchong which started operations in November 2021.

For the FYE 2022, our Group recorded a PBT of RM12.39 million (FYE 2021: LBT of RM0.48 million) and a PAT of RM9.56 million (FYE 2021: LAT of RM0.49 million). The turnaround for the FYE 2022 to PBT and PAT was mainly attributed to the expansion of our cafe chain operations in which our Group recorded an increase in revenue and GP.

Correspondingly, upon achieving operational efficiency in the FYE 2022, our Group was able to cover its fixed administrative and operating expenses and thus resulting in a PBT margin of 25.48% (FYE 2021: LBT margin of 9.51%) and PAT margin of 19.65% (FYE 2021: LAT margin of 9.76%).

Comparison between FYE 2022 and FYE 2023

For the FYE 2023, our Group recorded an increase in PBT by RM15.07 million or 121.63% to RM27.46 million (FYE 2022: RM12.39 million) and an increase in PAT by RM10.47 million or 109.52% to RM20.03 million (FYE 2022: RM9.56 million). The increase in both PBT and PAT was attributed to the increase in the GP upon further expansion and growth of our cafe chain operations as well as the distribution and retail of packaged foods.

Notwithstanding, our PBT margin decreased from 25.48% in the FYE 2022 to 20.65% in the FYE 2023 mainly due to the following:

- (i) decrease in GP margin as a result of increase in cost of sales;
- (ii) increase in overall administrative and operating expenses, including selling and distribution expenses and administrative expenses, to support our Group's continuous business expansion and growth during the FYE 2023; and

11. FINANCIAL INFORMATION (Cont'd)

Correspondingly, our PAT margin also decreased from 19.65% in the FYE 2022 to 15.06% in the FYE 2023 coupled with higher effective tax rate recorded during the financial year.

Comparison between FYE 2023 and FYE 2024

For the FYE 2024, our Group recorded an increase in PBT by RM30.06 million or 109.47% to RM57.52 million (FYE 2023: RM27.46 million) and an increase in PAT by RM23.10 million or 115.33% to RM43.13 million (FYE 2023: RM20.03 million). The increase in both PBT and PAT was attributed to the increase in the GP upon further expansion and growth of our cafe chain operations as well as the distribution and retail of packaged foods.

Correspondingly, our Group's PBT margin increased marginally from 20.65% in FYE 2023 to 20.75% in FYE 2024. Our Group's PAT margin also increased marginally from 15.06% in FYE 2023 to 15.56% in FYE 2024. The improvement in the PBT margin and PAT margin was mainly due to the improvement in the GP margin as a result of higher contribution from sales of packaged foods.

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11. FINANCIAL INFORMATION (Cont'd)

11.3.3 Significant factors materially affecting our operations and financial results

Our business operations and financial conditions have been and will continue to be affected by factors including, but not limited to, the following:

(a) Changes in consumer behaviour, trends, preferences, brand relevance as well as negative actions

The demand and market acceptance for our F&B services and packaged foods is dependent on discretionary spending, consumer behaviour, tastes, trends, preferences and brand relevance. Consumer changes in behaviour, trends, preferences and brand relevance may arise from shift in culinary trends, dietary shifts, influences from social media, health, food security and religious considerations. Negative actions include, among others, consumer boycotts, publishing of negative information, fake news, and sabotage, will also adversely affect our operations and financial performance. Hence, any change in consumer behaviour, trends and preferences and our brand relevance may affect our results of operation and financial performance. Please refer to Section 8.1.2 of this Prospectus for further details on the risk factor.

(b) Business expansion and cafes growth

Our financial results is dependent on our business expansion and growth in particular the number of cafes we operate. Our cafe chain operations is the largest contributor to our revenue, which accounted for 98.66%, 98.90%, 94.78% and 94.08% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FYE 2024 respectively. As at the LPD, we have a total of 19 cafes in Malaysia located mainly in shopping malls, as well as shop lots and airport retail mall. Part of our business strategies and plans is to expand our cafe chain operations in Malaysia by setting up new cafes in various states in Malaysia. We plan to add 14 more owned-operated cafes progressively between 2024 to 2026 to our existing number of cafes. In addition, we also plan to scale our cafe chain operations by introducing our *Oriental Kopi* cafes in selected foreign countries. This will increase our geographic presence and revenue base to include foreign countries, which will serve as additional drivers of growth and geographic diversity to mitigate reliance on one country of operation. As at the LPD, we have 1 jointly owned and operated cafe in Singapore, which is established through a joint venture with Paradise Group. Please refer to Section 6.18 of this Prospectus for further information on our business strategies and plans.

In tandem with the business expansion and growth of our cafe chain operations, our cost of sales which include material costs, labour costs and overhead costs such as rentals and related expenses, selling and distribution expenses as well as administrative expenses such as staff costs and utilities expenses will also increase accordingly. Nevertheless, if our business strategies and plans can be successfully implemented, it is expected to improve our operational efficiency and thus contributing to improvement in profit margins. In the event of any delays or failures in executing our business strategies and plans effectively, our future business expansion and cafe chain operations growth or expected financial performance may be adversely affected.

(c) Impact of inflationary pressure or price fluctuation in material costs

Material costs for our F&B services which include ingredients for cooking, beverage ingredients and finished goods for our packaged foods constituted the largest component in our cost of sales which accounted for 56.55%, 60.13%, 55.79% and 56.45% of our total cost of sales for the FYE 2021, FYE 2022, FYE 2023 and FYE 2024, respectively.

11. FINANCIAL INFORMATION (Cont'd)

Price of materials such as ingredients for our F&B services and finished goods for our packaged foods may be subject to price fluctuation resulted from inflationary pressure which impact our cost of goods and services. There is no certainty that we will be able to pass on increased costs due to inflation or any other factors, to our customers in future which may affect our profit margins and thus negatively impact our financial performance. Alternatively, if we pass all the increased costs to our customers, we may lose some of our existing customers and attract fewer potential customers. If any of these situations occur, it may affect our results of operation and financial performance. Please refer to Section 8.1.4 of this Prospectus for further details on the risk factor.

(d) Competition

As an F&B service provider, we are subject to competition from other operators who are involved in the F&B services industry in terms of, among others, brand equity including awareness, loyalty, positive image, menu offerings and innovations, product tastes, quality and pricing, cafe location accessibility and convenience, ambiances and service level and others. According to the IMR Report in Section 7 of this Prospectus, in 2023, there were 27,448 food premises registered with the MOH, of which 23,681 were food outlet premises in Malaysia. Hence, in the event if we are unable to maintain our competitiveness and/or continue to build on our competitive advantages and key strengths as set out in Section 6.1.3 of this Prospectus, our business, profit margin, performance and results of operations will be materially and adversely affected.

(e) Tenancies and rental expenses and/or lease liabilities

As at the LPD, we have 16 cafes located in shopping malls (including Singapore), 2 cafes located in shop lots, 2 cafes located in the airport retail mall and 1 specialty retail store in a hotel, all of which are operated in rented premises. We generally enter into tenancy agreements or leases which are for initial terms of 3 years, with the option for us to extend. Hence, we are dependent on the respective landlords and are subject to rental terms and conditions, rental rates and tenancy periods imposed by the respective landlords. Upon expiry of the tenancy agreements or leases, the landlords have the right to change the terms and conditions of the tenancy agreements or leases including increases in rental rates or even decide not to renew our tenancy agreement or leases. Any unfavourable adjustments to our rental rates would affect our rental expenses and/or lease liabilities including the interest on lease liabilities that may increase our overall operating expenses. In addition, in the event of any unfavourable changes in the conditions and performance of the overall shopping malls and general area of our cafes locations, this may negatively affect our business operations and financial performance. Please refer to Section 8.1.5 of this Prospectus for further details on the risk factor.

(f) Impact of commodity prices

Coffee bean is subject to price fluctuation as it is a commodity traded items. We purchase coffee in the form of roasted and ground coffee powder for our cafe chain operations and instant coffee powder for our packaged coffee. Depending on the recipes, our coffee blends mainly consist of Robusta beans, with smaller proportions of Arabica and/or Liberica beans. As coffee beans are an agricultural commodity traded globally and subject to price fluctuations attributed to various factors including supply, demand, agricultural conditions, weather, market inefficiencies and economic conditions.

Any sustained price increases or negative price fluctuations will result in the increase in our material costs which in turn have an impact on our financial performance if we unable to fully pass on the increased cost in a timely manner. Please refer to Section 8.2.3 of this Prospectus for further details on the risk factor.

11. FINANCIAL INFORMATION (Cont'd)

(g) Impact of interest rate risk

As at 30 September 2024, our Group's total borrowings of RM2.47 million consist of hire purchase in relation to financing for motor vehicles. Hence, there is no material impact from the fluctuations in interest rates on our profits for the Financial Years Under Review as our Group does not have floating rate borrowings.

(h) Impact of government/economic/fiscal/monetary policies

Any unfavourable change in government, economic, fiscal or monetary policies may materially affect our business operations and financial performance. For the Financial Years Under Review, our results were not materially adversely affected by any unfavourable changes relating to these policies. Nonetheless, there is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies in the future. Please refer to Section 8.2.2 of this Prospectus for further details of the risk factor.

(i) Impact of prolonged epidemics or pandemics

As we are involved in providing the complete meals and drinks for immediate consumption and distribution and retail of coffee and other food products, our business falls within essential services.

In overall, our business, financial condition or results of operations for the Financial Years Under Review were not materially affected by the impact of various phases of MCOs and the COVID-19 pandemic. However, our business operations were interrupted. During the various phases of MCOs, we continued our business operations and adopted precautionary measures to safeguard our operations and employees. Nonetheless, the dine-in operations of our cafes were temporarily suspended following the implementation of various MCOs and we were only allowed to provide takeaway services for our walk-in customers or through food delivery platforms. This affected 2 of our cafes for dine-in in Johor in FYE 2021. Please refer to Section 8.1.14 of this Prospectus for further details of the risk factor.

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11. FINANCIAL INFORMATION (Cont'd)

11.3.4 Liquidity and capital resources

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institutions as well as our existing cash and bank balances.

As at 30 September 2024, our Group has cash and short-term deposits of RM59.43 million, and working capital of RM13.80 million, being the difference between current assets of RM79.85 million and current liabilities of RM66.05 million. Our Group also recorded a net cash from operating activities of RM68.09 million for the FYE 2024.

Based on the above and after taking into consideration of our funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, the dividend declared and paid up to the LPD as detailed in Section 11.8 of this Prospectus and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

Cash flow

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the Financial Years Under Review:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Net cash (for)/from operating activities	(204)	15,586	35,513	68,094
Net cash for investing activities	(2,213)	(6,757)	(12,195)	(17,210)
Net cash from/(for) financing activities	2,715	3,183	(11,774)	(16,725)
Net increase in cash and cash equivalents	298	12,012	11,544	34,159
Cash and cash equivalents at beginning of the year	945	1,243	13,255	24,799
Cash and cash equivalents at end of the year	1,243	13,255	24,799	58,958

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants during the Financial Years Under Review.

Commentary:

Net cash (for)/from operating activities

FYE 2021

For the FYE 2021, our operating profit before working capital changes were RM0.09 million. After adjusting for the following key items, our net cash for operating activities was RM0.20 million:

- (i) increase in inventories of RM0.17 million;
- (ii) increase in receivables of RM0.49 million, of which trade receivables increased by RM0.04 million while other receivables increased by RM0.45 million mainly in relation to the deposits for rental of premises; and

11. FINANCIAL INFORMATION (Cont'd)

- (iii) increase in payables of RM0.37 million, of which trade payables increased by RM0.17 million while other payables increased by RM0.20 million mainly due to accruals made in relation to staff costs.

FYE 2022

For the FYE 2022, our operating profit before working capital changes were RM15.77 million. After adjusting for the following key items, our net cash from operating activities was RM15.59 million:

- (i) increase in inventories of RM0.66 million;
- (ii) increase in receivables of RM2.97 million, of which trade receivables increased by RM0.34 million while other receivables increased by RM2.63 million mainly due to deposits in relation to rental of premises and advances made to suppliers to secure purchases of F&B ingredients; and
- (iii) increase in payables of RM3.45 million, of which trade payables increased by RM0.53 million while other payables increased by RM2.92 million mainly due to service tax payables and accruals made in relation to staff costs and variable lease payments.

FYE 2023

For the FYE 2023, our operating profit before working capital changes were RM39.66 million. After adjusting for the following key items, our net cash from operating activities was RM35.51 million:

- (i) increase in inventories of RM1.29 million mainly due to higher purchases of F&B ingredients and finished goods for our packaged foods which was in line with the increase in revenue;
- (ii) increase in receivables of RM5.69 million, of which trade receivables increased by RM2.54 million mainly due to higher sales from our distribution of packaged foods while other receivables increased by RM3.15 million mainly due to deposits in relation to rental of premises and advances made to suppliers to secure purchases of F&B ingredients;
- (iii) increase in payables of RM5.75 million, of which trade payables increased by RM1.19 million due to higher purchases of F&B ingredients and finished goods for our packaged foods which was in line with the increase in cost of sales while other payables increased by RM4.56 million mainly due to owing to managed service providers, higher service tax payables given higher sales made as well as higher accruals made in relation to staff costs and variable lease payments; and
- (iv) tax payment of RM2.92 million.

FYE 2024

For the FYE 2024, our operating profit before working capital changes were RM79.12 million. After adjusting for the following key items, our net cash from operating activities was RM68.09 million:

- (i) increase in inventories of RM4.82 million mainly due to higher purchases made as our Group increased the inventory level for F&B ingredients and packaged foods which was in line with the increase in revenue;
- (ii) increase in receivables of RM4.37 million, of which trade receivables decreased by RM0.31 million mainly due to timely settlement of outstanding amount from customers from distribution of packaged foods while other receivables increased by RM4.68 million mainly arising from deposits made in relation to rental of premises and advances made to suppliers to secure purchases of F&B ingredients;

11. FINANCIAL INFORMATION (Cont'd)

- (iii) increase in payables of RM9.05 million, of which trade payables increased by RM3.85 million due to higher purchases of F&B ingredients and finished goods for our packaged foods to meet sales demand while other payables increased by RM5.20 million mainly due to accrual made for variable lease payments as well as accrual for managed services provider;
- (iv) increase in contract liability of RM0.34 million account for the commitment arising from our loyalty membership program; and
- (v) tax payment of RM11.23 million.

Net cash for investing activities**FYE 2021**

Our Group recorded net cash for investing activities of RM2.21 million for the FYE 2021. This was mainly attributed to the following:

- (i) purchase of PPE amounted to RM2.16 million, consists mainly furniture fittings and renovation as well as kitchen equipment for our cafes, office equipment, warehouse equipment and motor vehicles; and
- (ii) net advance to related companies of RM0.05 million, which was fully repaid by the related companies by the FYE 2023.

FYE 2022

Our Group recorded net cash for investing activities of RM6.76 million for the FYE 2022. This was mainly attributed to the following:

- (i) purchase of PPE amounted to RM5.48 million, consists mainly furniture fittings and renovation as well as kitchen equipment for our cafes;
- (ii) net advance to related companies of RM0.02 million, which was fully repaid by the related companies by the FYE 2023; and
- (iii) net advance to shareholder and directors of RM1.26 million, which was fully repaid by the shareholder and directors in the FYE 2023.

FYE 2023

Our Group recorded net cash for investing activities of RM12.20 million for the FYE 2023. This was mainly attributed to the purchase of PPE amounted to RM13.64 million, consists mainly furniture fittings and renovation as well as kitchen equipment for our cafes, office equipment, warehouse equipment and motor vehicles.

The above cash outflow was partly offset by the following:

- (i) interest received of RM0.11 million;
- (ii) net repayment from related companies of RM0.07 million; and
- (iii) net repayment from shareholders and directors of RM1.26 million.

11. FINANCIAL INFORMATION (Cont'd)**FYE 2024**

Our Group recorded net cash for investing activities of RM17.21 million for the FYE 2024. This was mainly attributed to the following

- (i) purchase of PPE amounted to RM17.11 million, consists mainly furniture fittings and renovation as well as kitchen equipment for our cafes and motor vehicles; and
- (ii) investment in joint venture of RM1.02 million.

The above cash outflow was partly offset by interest received of RM0.92 million.

Net cash from/(for) financing activities**FYE 2021**

Our Group recorded net cash from financing activities of RM2.72 million for the FYE 2021 mainly due to:

- (i) proceeds from issuance of new shares of RM1.00 million; and
- (ii) net advances from shareholders and directors of RM1.97 million, which was fully repaid the shareholders and directors by the FYE 2023.

The inflow was partly offset by the following:

- (i) repayment of lease liabilities of RM0.17 million; and
- (ii) payment of interest expense of RM0.06 million; and
- (iii) net repayment to related companies of RM0.02 million.

FYE 2022

Our Group recorded net cash from financing activities of RM3.18 million for the FYE 2022 mainly due to:

- (i) proceeds from issuance of new shares of RM9.19 million; and
- (ii) net advances from related companies of RM0.01 million, which was fully repaid to the related companies in the FYE 2023.

The inflow was offset by the following:

- (i) payment of dividend to shareholders of RM2.54 million;
- (ii) net repayment to shareholders and directors of RM1.50 million;
- (iii) repayment of lease liabilities of RM1.46 million;
- (iv) repayment of hire purchase for motor vehicles of RM0.14 million; and
- (v) payment of interest expense of RM0.38 million.

11. FINANCIAL INFORMATION (Cont'd)

FYE 2023

Our Group recorded net cash for financing activities of RM11.77 million for the FYE 2023 mainly due to the following:

- (i) payment of dividend to shareholders of RM8.02 million;
- (ii) repayment of lease liabilities of RM5.17 million;
- (iii) payment of interest expense of RM1.57 million;
- (iv) fixed deposits pledged to licensed bank of RM0.45 million;
- (v) net repayment to shareholders and directors of RM0.47 million;
- (vi) net repayment to related companies of RM0.01 million; and
- (vii) repayment of hire purchase for motor vehicles of RM0.39 million

The outflow was partly offset by the proceeds from issuance of new shares of RM3.91 million and share application money of RM0.40 million.

FYE 2024

Our Group recorded net cash for financing activities of RM16.73 million for the FYE 2024 mainly due to the following:

- (i) payment of dividend to shareholders of RM3.00 million;
- (ii) repayment of lease liabilities of RM10.60 million;
- (iii) repayment of hire purchase for motor vehicles of RM0.29 million;
- (iv) payment of interest expense of RM3.22 million;
- (v) fixed deposits pledged to licensed bank of RM0.02 million;

The outflow was partly offset by the proceeds from issuance of new shares of RM0.40 million.

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11. FINANCIAL INFORMATION (Cont'd)**11.3.5 Borrowings**

As at 30 September 2024, our total outstanding borrowings amounted to RM2.47 million comprising hire purchases in relation to the financing for the purchases of motor vehicles which can be analysed further as follows:

Type of borrowings [^]	Tenure	Effective interest rates (per annum)	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Hire purchases	3 to 7 years	3.32% to 6.75%	540	1,929	2,469
Total borrowings			540	1,929	2,469
Gearing ratio as at 30 September 2024 (times)*					0.05

Notes:

[^] Excluded lease liabilities on ROU assets.

* Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisitions but before the Public Issue and use of proceeds) as at 30 September 2024 of RM53.52 million.

As at the LPD, all our bank borrowings are secured, interest bearing and denominated in RM. Our bank borrowings i.e. the hire purchases are secured by the motor vehicles and/or guarantee by certain of our Directors. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the Financial Years Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

As at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

11.3.6 Type of financial instruments used

As at the LPD, save for hire purchases as disclosed in Section 11.3.5 of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, and trade and other receivables, as well as financial liabilities such as borrowings, lease obligations and trade and other payables. These are shown in the combined statements of financial position of our Group.

As at the LPD, we do not use any financial instrument for hedging purposes.

11.3.7 Treasury policies and objectives

We finance our operations through internally generated funds as well as external sources of funds, such as shareholders' funds, credit term from suppliers as well as short-term and long-term bank borrowings.

11. FINANCIAL INFORMATION (Cont'd)

The primary objective of our financial management and treasury policies is to maintain sufficient working capital at all times and ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

Our Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings. As at the LPD, our Group does not have any floating rate borrowings and hence has not entered into any interest rate swap to hedge against fluctuations in interest rates.

11.3.8 Material commitment

As at the LPD, our Board, after having made all reasonable enquiries, confirm that there are no material commitment which upon becoming enforceable, may have a material impact on the financial position of our Group.

11.3.9 Material contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities, which upon becoming enforceable may have a material impact on the financial performance and position of our Group.

11.3.10 Material litigation

As at the LPD, our Group is not engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which may have a material and/or adverse effect on the financial position or business of our Group.

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11. FINANCIAL INFORMATION (Cont'd)**11.4 KEY FINANCIAL RATIOS**

The key financial ratios of our Group are as follows:

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FYE 2024
Trade receivables turnover period (days)	3	2	4	3
Trade payables turnover period (days)	13	5	5	7
Inventories turnover period (days)	13	5	6	8
Current ratio (times)	0.66	1.65	1.34	1.21
Gearing ratio (times)	-	0.02	0.03	0.05

Trade receivables

A summary of our trade receivables for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Revenue	5,018	48,644	133,013	277,280
Average trade receivables ⁽¹⁾	41	210	1,541	2,550
Trade receivables turnover period (days) ⁽²⁾	3	2	4	3

Notes:

- (1) Average trade receivables were derived based on the average sum of the opening balances and closing balances of trade receivables of the respective financial years.
- (2) Computed based on average trade receivables of the respective financial years over the revenue of the respective financial years, multiplied by 365 days.

Due to the nature of our business which is mainly involved in the cafe chain operations, substantial of our revenue are generated from our cafes where transactions with customers are mainly settled on a cash basis, or through financial institutions providing retail debit and credit card services, or via third party payment channels which accept e-wallet QR payment. Our trade receivables from financial institutions which provide retail credit services typically release payment to us next business day following the transaction date whilst third-party payment channel service providers typically release payment instantly.

As for our distribution of packaged foods business, the credit period granted to our customers ranges from 30 days to 60 days from the date of invoice. Other credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as the business relationship with our customers, the customers' payment history and creditworthiness as well as transaction volume while new customers are subject to our credit verification and assessment process.

In view of the above, our trade receivables turnover period ranges between 2 to 4 days for the Financial Years Under Review.

11. FINANCIAL INFORMATION (Cont'd)

As at 30 September 2024, the trade receivables of our Group amounted to RM2.40 million, the ageing analysis in respect of the trade receivables are analysed as follows:

	Within credit period RM'000	<-----Exceed credit period by----->				Total RM'000
		1 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	> 90 days RM'000	
Trade receivables	2,512	8	13	7	69	2,609
Less: Impairment losses	(165)	(1)	(3)	(2)	(41)	(212)
Net trade receivables	2,347	7	10	5	28	2,397
% of total trade receivables	97.91	0.29	0.42	0.21	1.17	100.00
Subsequent collections up to the LPD	2,135	7	10	5	28	2,185
Outstanding net trade receivables	212	-	-	-	-	212

Trade receivables were amounts owing by our customers from distribution of packaged foods. As at the LPD, we have collected RM2.19 million or 91.16% of the total trade receivables outstanding as at 30 September 2024. We are in the process of collecting the remaining amount of RM0.21 million.

As part of our credit control policy, we closely monitor our aging report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted, we will follow up with calls and send reminders and where appropriate, provide for specific impairment on those trade receivables where recoverability are uncertain based on our dealings with the customers.

Notwithstanding the above, our Board is of the opinion that the remaining amount of RM0.21 million is recoverable and no further impairment of trade receivables is required after taking into consideration these customers' credentials, payment track record as well as our relationship with them.

Trade payables

A summary of our trade payables for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Cost of sales	4,762	32,940	93,927	194,490
Average trade payables ⁽¹⁾	168	435	1,296	3,816
Trade payables turnover period (days) ⁽²⁾	13	5	5	7

Notes:

- (1) Average trade payables were derived based on the average sum of the opening balances and closing balances of trade payables of the respective financial years.
- (2) Computed based on average trade payables of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

11. FINANCIAL INFORMATION (Cont'd)

The normal credit period extended by our suppliers ranges from 30 days to 60 days. Our trade payables turnover period ranges between 5 to 13 days for the Financial Years Under Review. It is our practice to make prompt payments to our suppliers to maintain good relationship and ensure consistent supply of quality materials.

As at 30 September 2024, the trade payables of our Group amounted to RM5.74 million, the ageing of which are analysed as follows:

	Within credit period RM'000	<-----Exceed credit period by----->				Total RM'000
		1 – 30 days RM'000	31 – 60 days RM'000	61 – 90 days RM'000	> 90 days RM'000	
Trade payables	3,001	785	615	552	789	5,742
% of total trade payables	52.27	13.67	10.71	9.61	13.74	100.00
Subsequent payments up to the LPD	2,626	-	-	552	789	3,967
Outstanding trade payables	375	785	615	-	-	1,775

As at the LPD, we have settled RM3.97 million or 69.09% of our outstanding trade payables. There is no dispute in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment from us during the Financial Years Under Review.

Inventories

A summary of our inventories for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Cost of sales	4,762	32,940	93,927	194,490
Average inventories ⁽¹⁾	166	494	1,464	4,515
Inventories turnover period (days) ⁽¹⁾	13	5	6	8

Notes:

- (1) Average inventories were derived based on the average sum of the opening balances and closing balances of inventories of the respective financial years.
- (2) Computed based on average inventories of the respective financial years over the cost of sales of the respective financial years, multiplied by 365 days.

Our inventories comprise raw materials such as F&B ingredients and packaging materials, and merchandised goods which is the finished goods for our packaged foods. Our inventories are stated at the lower of cost and net realisable value. Our inventories turnover period ranges between 5 to 13 days for the Financial Years Under Review due to the fast turnaround nature of our business.

11. FINANCIAL INFORMATION (Cont'd)**Current ratio**

A summary of our current ratio for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Current assets	1,960	18,874	36,306	79,848
Current liabilities	2,974	11,414	27,178	66,052
Current ratio (times)	0.66	1.65	1.34	1.21

Current ratio measures the liquidity position of our Group to meet our short-term obligations. The liquidity position of our Group has been manageable as reflected in the current ratio for the Financial Years Under Review which range between 0.66 times and 1.65 times.

Our current ratio increased from 0.66 times as at 30 September 2021 to 1.65 times as at 30 September 2022. This was mainly attributable to the higher cash and bank balances resulted from the positive cashflow generated from our business operations.

Our current ratio decreased from 1.65 times as at 30 September 2022 to 1.34 times as at 30 September 2023. This was mainly attributable to the higher dividend paid during the FYE 2023.

Our current ratio decreased from 1.34 times as at 30 September 2023 to 1.21 times as at 30 September 2024. This was mainly attributable to the higher dividend payable recorded in the FYE 2024.

Gearing ratio

A summary of our gearing ratio for the Financial Years Under Review is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
Total borrowings ⁽¹⁾	-	284	983	2,469
Shareholders' equity	1,458	17,667	33,982	53,521
Gearing ratio (times)	-	0.02	0.03	0.05

Note:

(1) Excluding lease liabilities.

We do not have any bank borrowings in the FYE 2021. Our gearing ratio for the FYE 2022, FYE 2023 and FYE 2024 has been fairly consistent ranging from 0.02 times to 0.05 times due to the hire purchases secured to finance the purchase of motor vehicles.

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11. FINANCIAL INFORMATION (Cont'd)

11.5 TREND INFORMATION

As at the LPD, to the best of the knowledge and belief of our Board, the financial conditions and operations of our Group 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 this section and in Sections 6 and 8 of this Prospectus;
- (b) material commitment for capital expenditure save as disclosed in Section 11.3.8 of this Prospectus;
- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for those that had been discussed in this section and in Sections 6 and 8 of this Prospectus.
- (e) known circumstances, trends, demands, commitments, events or uncertainties that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus.

11.6 ORDER BOOK

Due to the nature of our business which is primarily involved in cafe chain operations as well as distribution and retail of our own brands of packaged foods, our Group does not maintain an order book.

11.7 SIGNIFICANT CHANGES

There are no significant changes that have occurred, which may have a material effect on our financial position and results subsequent to the FYE 2024 and up to the LPD.

11.8 DIVIDEND POLICY

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

It is the intention of our Board to recommend and distribute a dividend of 30.00% of the profit attributable to the owners of our Company after the Listing. Nevertheless, our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, among others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:

- (i) the availability of adequate reserves and cash flows. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries;
- (ii) our operating cash flow requirements and financing commitments;

11. FINANCIAL INFORMATION (Cont'd)

- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) our Company is solvent as the Act requires;
- (v) any material impact of tax laws and other regulatory requirements; and
- (vi) prior written consent from financial institutions, where required.

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. There is no dividend restriction being imposed on our Group currently.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

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

As at the LPD, our Company has no intention to declare further dividends prior to the Listing. The dividends declared and paid for the past FYE 2021, FYE 2022, FYE 2023, FYE 2024 and up to the LPD are as follows:

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FYE 2024</u>	<u>1 October 2024 up to the LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividends declared	-	2,541	*11,020	#21,000	-
Dividends paid	-	2,541	8,020	3,000	21,000

Notes:

- * The interim dividend amounted to RM3.00 million in respect of the FYE 2023 was declared and paid by the Company in February 2024.
- # The interim dividend amounted to RM21.00 million in respect of the FYE 2024 was declared in September 2024 and paid by the Company in November 2024.

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11. FINANCIAL INFORMATION (Cont'd)

11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
E-2-3 Pusat Komersial Bayu Tasek
Persiaran Southkey 1
Kota Southkey
80150 Johor Bahru, Johor
Malaysia
Main +6 07 288 6627
Fax +6 07 338 4627
www.crowe.my

10 DEC 2024

The Board of Directors
Oriental Kopi Holdings Berhad
No. 39, Jalan TPP 3
Taman Perindustrian Putra
47130 Puchong
Selangor

Dear Sirs

ORIENTAL KOPI HOLDINGS BERHAD ("ORIENTAL KOPI" OR "THE COMPANY") REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

We have completed our assurance engagement to report on the compilation of Pro Forma Combined Statements of Financial Position of Oriental Kopi and its subsidiaries (collectively known as the "Group") as at 30 September 2024 and the related notes (as set out in Appendix A, which we have stamped for the purpose of identification) prepared by the Board of Directors of the Company for inclusion in the Prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of Oriental Kopi on the ACE Market of Bursa Malaysia Securities Berhad ("Listing").

The applicable criteria on the basis of which the Board of Directors of the Company have compiled the Pro Forma Combined Statements of Financial Position are described in the notes thereon to the Pro Forma Combined Statements of Financial Position. The Pro Forma Combined Statements of Financial Position is prepared in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia ("the Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Guidance Note").

The Pro Forma Combined Statements of Financial Position have been compiled by the Board of Directors of the Company to illustrate the impact of the events or transactions as set out in the notes thereon to the Pro Forma Combined Statements of Financial Position as if the events have occurred or the transactions have been undertaken on 30 September 2024. As part of this process, information about the Group's financial position has been extracted by the Board of Directors of the Company from the Group's audited combined statements of financial position as at 30 September 2024.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Combined Statements of Financial Position on the basis as set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and Guidance Note.

11. FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

We are independent of the Company in accordance with the *By-Laws (On Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our firm applies International Standard on Quality Management 1 (ISQM 1), *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements* issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and Guidance Note.

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards 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 Board of Directors of the Company has compiled, in all material respects, the Pro Forma Combined Statements of Financial Position on the basis set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines and the Guidance Note.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinion on any historical financial information used in compiling the Pro Forma Combined Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Combined Statements of Financial Position.

The purpose of the Pro Forma Combined Statements of Financial Position included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

11. FINANCIAL INFORMATION (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

A reasonable assurance engagement to report on whether the Pro Forma Combined Statements of Financial Position have been compiled, in all material respects, on the basis set out in notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines, involves performing procedures to assess whether the applicable criteria used by the Board of Directors of the Company in the compilation of the Pro Forma Combined Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Combined Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Combined Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Combined Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Pro Forma Combined Statements of Financial Position has been compiled, in all material respects, on the basis set out in the notes thereon to the Pro Forma Combined Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

This letter has been prepared solely for the purpose of inclusion in the Prospectus of Oriental Kopi, in connection with the Listing. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

Piong Yew Peng
03070/06/2025 J
Chartered Accountant

11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD

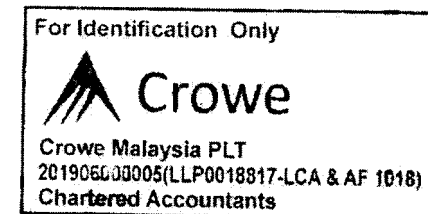
Registration No: 202401007447 (1553297-V)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

			Pro Forma I		Pro Forma II		Pro Forma III
	As At	Adjustment	After Acquisition	Adjustment	After	Adjustment for	After
NOTE	30.9.2024*	for Acquisition	of Subsidiaries	for Public	Pro Forma I	Utilisation of	Pro Forma II
	RM'000	of Subsidiaries	of Subsidiaries	Issue	and	Proceeds	and Utilisation
		RM'000	RM'000	RM'000	Public Issue	RM'000	of Proceeds
					RM'000		RM'000
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	31,025	-	31,025	-	31,025	-	31,025
Right-of-use assets	69,393	-	69,393	-	69,393	-	69,393
Investment in a joint venture	967	-	967	-	967	-	967
Deferred tax assets	243	-	243	-	243	-	243
	<u>101,628</u>		<u>101,628</u>		<u>101,628</u>		<u>101,628</u>
CURRENT ASSETS							
Inventories	6,923	-	6,923	-	6,923	-	6,923
Trade receivables	2,397	-	2,397	-	2,397	-	2,397
Other receivables, deposits and prepayments	10,925	-	10,925	-	10,925	-	10,925
Current tax assets	177	-	177	-	177	-	177
Fixed deposits with a licensed bank	468	-	468	-	468	-	468
Cash and bank balances	58,958	-	58,958	183,964	242,922	(7,600)	235,322
	<u>79,848</u>		<u>79,848</u>		<u>263,812</u>		<u>256,212</u>
TOTAL ASSETS	<u>181,476</u>		<u>181,476</u>		<u>365,440</u>		<u>357,840</u>

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 30 September 2024.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD

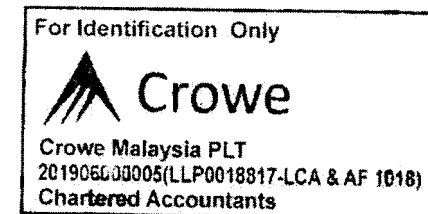
Registration No: 202401007447 (1553297-V)

PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

	NOTE	As At 30.9.2024* RM'000	Adjustment for Acquisition of Subsidiaries RM'000	Pro Forma I After Acquisition of Subsidiaries RM'000	Adjustment for Public Issue RM'000	Pro Forma II After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES								
EQUITY								
Share capital	6.2	1	31,796	31,797	183,964	215,761	(4,741)	211,020
Invested capital	6.3	15,903	(15,903)	-	-	-	-	-
Merger deficit	6.4	-	(15,893)	(15,893)	-	(15,893)	-	(15,893)
Retained profits	6.5	37,617	-	37,617	-	37,617	(2,859)	34,758
TOTAL EQUITY		<u>53,521</u>		<u>53,521</u>		<u>237,485</u>		<u>229,885</u>
NON-CURRENT LIABILITIES								
Lease liabilities		57,588	-	57,588	-	57,588	-	57,588
Hire purchase payables		1,929	-	1,929	-	1,929	-	1,929
Provision for restoration costs		2,360	-	2,360	-	2,360	-	2,360
Deferred tax liabilities		26	-	26	-	26	-	26
		<u>61,903</u>		<u>61,903</u>		<u>61,903</u>		<u>61,903</u>

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 30 September 2024.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD

Registration No: 202401007447 (1553297-V)

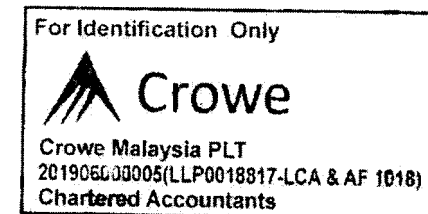
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

			Pro Forma I		Pro Forma II		Pro Forma III	
	NOTE	As At 30.9.2024* RM'000	Adjustment for Acquisition of Subsidiaries RM'000	After Acquisition of Subsidiaries RM'000	Adjustment for Public Issue RM'000	After Pro Forma I and Public Issue RM'000	Adjustment for Utilisation of Proceeds RM'000	After Pro Forma II and Utilisation of Proceeds RM'000
CURRENT LIABILITIES								
Trade payables		5,742	-	5,742	-	5,742	-	5,742
Other payables and accruals		34,099	-	34,099	-	34,099	-	34,099
Lease liabilities		14,409	-	14,409	-	14,409	-	14,409
Hire purchase payables		540	-	540	-	540	-	540
Contract liabilities		345	-	345	-	345	-	345
Current tax liabilities		10,917	-	10,917	-	10,917	-	10,917
		<u>66,052</u>		<u>66,052</u>		<u>66,052</u>		<u>66,052</u>
TOTAL LIABILITIES		127,955		127,955		127,955		127,955
TOTAL EQUITY AND LIABILITIES		181,476		181,476		365,440		357,840
<i>Number of ordinary shares ('000)</i>		1,581,899 #		1,581,899 #		2,000,000		2,000,000
<i>Net assets ("NA") attributable to owners of the Company (RM'000)</i>		53,521		53,521		237,485		229,885
<i>NA per ordinary share (sen)</i>		3.38		3.38		11.87		11.49

Note:

(*) – Extracted from the Group's audited combined financial statements for the financial year ended 30 September 2024.

(#) – It is assumed to be the number of shares before public issue.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

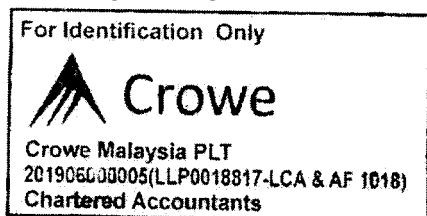
**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

1. ABBREVIATIONS

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:-

Abbreviations

Oriental Kopi or Company	Oriental Kopi Holdings Berhad Registration No: 202401007447 (1553297-V)
Oriental Kopi Group or the Group	Oriental Kopi and its subsidiaries
Subsidiaries	Oriental Coffee International, Oriental Sun International, Oriental Coffee SK, Oriental Coffee Puchong, Oriental Sun PBJ, Oriental Elite International, Oriental Coffee KL, Oriental Coffee SP, Oriental Coffee TC, Oriental Coffee Suria, Oriental Coffee BKT, Oriental Coffee CS, Oriental Coffee TRZ, Oriental Coffee Gateway, OKG and Oriental Kopi Global collectively
OKG	Oriental Kopi Group Sdn Bhd Registration No: 202401007476 (1553326-X)
Oriental Kopi Global	Oriental Kopi Global Pte Ltd Registration No: 202420627H
Oriental Coffee International	Oriental Coffee International Sdn Bhd Registration No: 202101014758 (1415058-W)
Oriental Sun International	Oriental Sun International Sdn Bhd Registration No: 202001025094 (1381414-W)
Oriental Coffee SK	Oriental Coffee (SK) Sdn Bhd Registration No: 202101012937 (1413236-A)
Oriental Coffee Puchong	Oriental Coffee (Puchong) Sdn Bhd Registration No: 202101017190 (1417490-W)
Oriental Sun PBJ	Oriental Sun (PBJ) Sdn Bhd Registration No: 202101033867 (1434167-P)
Oriental Elite International	Oriental Elite International Sdn Bhd Registration No: 202101033868 (1434168-M)
Oriental Coffee KL	Oriental Coffee (KL) Sdn Bhd Registration No: 202201003595 (1449292-K)
Oriental Coffee SP	Oriental Coffee (SP) Sdn Bhd Registration No: 202201015554 (1461251-U)



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

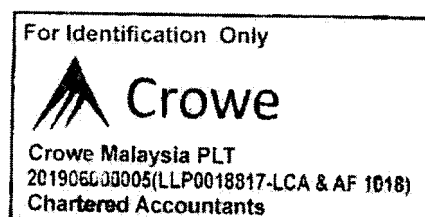
**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

1. ABBREVIATIONS (CONT'D)

Unless the context otherwise requires, the following abbreviations shall apply throughout this report (Cont'd):-

Abbreviations (Cont'd)

Oriental Coffee TC	Oriental Coffee (TC) Sdn Bhd Registration No: 202201040185 (1485882-H)
Oriental Coffee Suria	Oriental Coffee (Suria) Sdn Bhd Registration No: 202201045981 (1491678-M)
Oriental Coffee BKT	Oriental Coffee (BKT) Sdn Bhd Registration No: 202201045984 (1491681-M)
Oriental Coffee CS	Oriental Coffee (CS) Sdn Bhd Registration No: 202201045988 (1491685-W)
Oriental Coffee TRZ	Oriental Coffee (TRZ) Sdn Bhd Registration No: 202201045998 (1491695-M)
Oriental Coffee Gateway	Oriental Coffee (Gateway) Sdn Bhd Registration No: 202301003777 (1497696-K)
IPO	Initial Public Offering comprising the Public Issue
IPO Price	IPO price of RM0.44 per IPO share
IPO Shares	The Public Issue Shares
Listing	Admission of Oriental Kopi to the Official List of Bursa Malaysia Securities Berhad and listing of and quotation for the entire enlarged issued share capital of Oriental Kopi on the ACE Market of Bursa Malaysia Securities Berhad
Shares	Ordinary shares in Oriental Kopi
SOFP	Statements of Financial Position
RM and Sen	Ringgit Malaysia and sen, respectively



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

2. INTRODUCTION

The Pro Forma Combined SOFP as at 30 September 2024 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing and should not be relied upon for any other purposes.

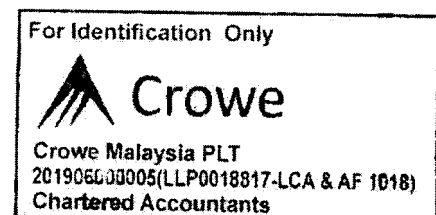
3. BASIS OF PREPARATION

The Pro Forma Combined SOFP of the Group as at 30 September 2024 is prepared based on the audited combined financial statements of the Group as at 30 September 2024, which was prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, and in a manner consistent with the format of the audited combined financial statements and accounting policies of the Group.

The combined financial statements used in the preparation of these Pro Forma Combined SOFP were not subject to any audit qualification, modification or disclaimer.

The Pro Forma Combined SOFP together with the related notes thereon, have been prepared solely to illustrate the impact of events and transactions set out in Notes 4 and 5 to the Pro Forma had the events occurred or transactions been undertaken on 30 September 2024. The Pro Forma Combined SOFP are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates.

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11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

4. LISTING SCHEME

In conjunction with, and as an integral part of the Listing, Oriental Kopi implemented and intends to undertake the following:-

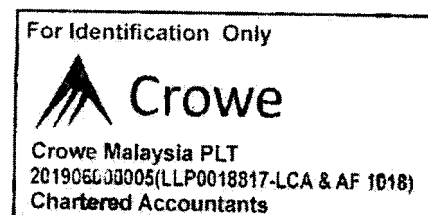
4.1 Acquisitions of Subsidiaries

OKG, a wholly-owned subsidiary of Oriental Kopi entered into a conditional shares sale agreement ("SSA") dated 10 May 2024, a supplemental SSA dated 15 May 2024 and a second supplemental SSA dated 30 October 2024 with Oriental Kopi and the shareholders of the following subsidiaries to acquire the entire equity interest of the following subsidiaries for an aggregate purchase consideration of RM31,796,150, which are entirely satisfied by the issuance of 1,581,898,000 new Shares in aggregate at an issue price of RM0.0201 per share to the respective shareholders of the following subsidiaries ("Acquisition"). The details of the Acquisitions are set out below:-

Companies	Total interests acquired (%)	Purchase consideration (RM)	No. of Shares issued
Oriental Coffee BKT	100.00	369,599	18,388,000
Oriental Coffee CS	100.00	551,886	27,457,000
Oriental Coffee Gateway	100.00	758,594	37,741,000
Oriental Coffee International	100.00	4,756,685	236,651,000
Oriental Coffee KL	100.00	2,542,489	126,492,000
Oriental Coffee Puchong	100.00	4,494,300	223,597,000
Oriental Coffee SK	100.00	4,183,091	208,114,000
Oriental Coffee SP	100.00	2,267,481	112,810,000
Oriental Coffee Suria	100.00	81	4,000
Oriental Coffee TC	100.00	1,270,481	63,208,000
Oriental Coffee TRZ	100.00	81	4,000
Oriental Elite International	100.00	2,897,495	144,154,000
Oriental Sun International	100.00	3,742,499	186,194,000
Oriental Sun PBJ	100.00	3,961,388	197,084,000
Total		31,796,150	1,581,898,000

The purchase consideration of the respective subsidiaries was arrived at a "willing-buyer, willing-seller" basis, after taking into consideration the audited net assets of the respective subsidiaries as at 30 September 2023 adjusted for subsequent issuance of ordinary shares and dividend payments.

The acquisitions of subsidiaries were completed on 22 November 2024.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

4. LISTING SCHEME (CONT'D)**4.2 Public Issue**

Oriental Kopi will undertake a public issue of 418,101,000 IPO Shares at RM0.44. The Public Issue of 418,101,000 new Shares representing approximately 20.91% of the enlarged issued share capital are allocated in the following manner:-

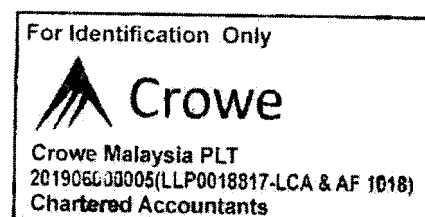
- 60,000,000 new Shares will be made available for application by the Malaysian Public by way of balloting;
- 20,000,000 new Shares will be made available for application by the eligible directors, employees and persons who have contributed to the success of the Group;
- 88,101,000 new Shares will be made available for application by way of private placement to selected investors; and
- 250,000,000 new Shares will be made available for application by way of private placement to selected Bumiputera investors approved by the MITI.

4.3 Share Transfer to United Gomax Sdn Bhd ("United Gomax")

Dato' Chan Jian Chern, Chan Yen Min, Koay Song Leng, Koay Chor Leng, and Ho Poh Chian, will transfer their respective shareholdings in Oriental Kopi in conjunction with the IPO, amounting to an aggregate of 1,466,997,157 Shares to United Gomax, during the prescription period (one (1) day after the launching date of the Prospectus up to a period of 30 days).

4.4 Listing

The admission of Oriental Kopi to the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and the listing of and quotation for the entire enlarged issued share capital of Oriental Kopi of RM215,761,590 comprising 2,000,000,000 Shares on the ACE Market of Bursa Securities.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA COMBINED SOFP

5.1 Pro Forma I

Pro Forma I incorporates the effects Acquisitions of Subsidiaries set out in Note 4.1 to the Pro Forma Combined SOFP.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and Public Issue set out in Note 4.2 to the Pro Forma Combined SOFP.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma II and the proposed utilisation of proceeds from Public Issue. The proceeds from the Public Issue will be utilised as follows:-

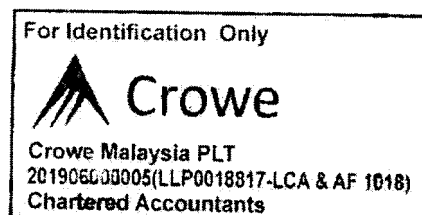
Purposes	Amount of Proceeds		Estimated timeframe for utilisation from the date of Listing
	RM'000	%	
Set up of new head office and central kitchen #	53,685	29.18	Within 36 months
Expansion of cafe chain in Malaysia #	36,400	19.79	Within 36 months
Expansion of packaged foods segment #	5,000	2.72	Within 24 months
Marketing activities in foreign countries #	5,500	2.99	Within 24 months
Working Capital #	75,779	41.19	Within 24 months
Estimated listing expenses *^	7,600	4.13	Within 3 months
	183,964	100.00	

Notes:-

These utilisations of proceeds, except for the estimated listing expenses, are not adjusted in the Pro Forma III to the Pro Forma Combined SOFP as they are not factually supportable and hence, they remain in the cash and bank balances.

* If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital.

^ The estimated listing expenses of RM4.741 million directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2.859 million that are attributable to the Listing and as such, will be expensed off to profit or loss.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

6. EFFECTS ON THE PRO FORMA COMBINED SOFP

6.1 Cash and bank balances

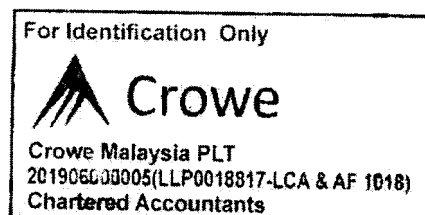
	RM'000
As at 30 September 2024/Pro Forma I	58,958
Add: Proceeds from public issue	183,964
As per Pro Forma II	242,922
Less: Estimated listing expenses	(7,600)
As per Pro Forma III	235,322

6.2 Share Capital

	Number of Ordinary Shares '000	Amount of Share Capital RM'000
As at 30 September 2024	1	1
Add: Issuance of ordinary shares pursuant to the Acquisitions	1,581,898	31,796
As per Pro Forma I	1,581,899	31,797
Add: Public Issue	418,101	183,964
As per Pro Forma II	2,000,000	215,761
Less: Estimated listing expenses ^	-	(4,741)
As per Pro Forma III	2,000,000	211,020

Note:-

^ The estimated listing expenses of RM4.741 million directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2.859 million that are attributable to the Listing will be expensed off to profit or loss.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

**NOTES TO PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024**

6. EFFECTS ON THE PRO FORMA COMBINED SOFP (CONT'D)

6.3 Invested Capital

	RM'000
As at 30 September 2024	15,903
Less: Acquisition of subsidiaries	(15,903)
As per Pro Forma II and III	<u>-</u>

6.4 Merger deficit

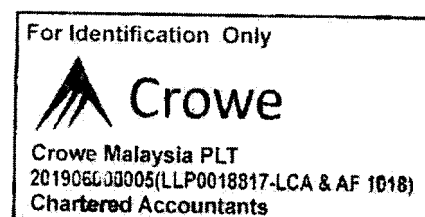
	RM'000
As at 30 September 2024	-
Less: Acquisitions of subsidiaries	(15,893)
As per Pro Forma I, II and III	<u>(15,893)</u>

6.5 Retained profits

	RM'000
As at 30 September 2024/Pro Forma I/Pro Forma II	37,617
Less: Estimated listing expenses ^	(2,859)
As per Pro Forma III	<u>34,758</u>

Note:-

^ The estimated listing expenses of RM4.741 million directly attributable to the Public Issue will be offset against share capital and the remaining estimated listing expenses of RM2.859 million that are attributable to the Listing will be expensed off to profit or loss.



11. FINANCIAL INFORMATION (Cont'd)

Appendix A

ORIENTAL KOPI HOLDINGS BERHAD
Registration No: 202401007447 (1553297-V)

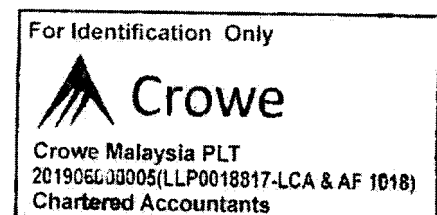
APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **10 DEC 2024**

On behalf of the Board of Directors,

Dato' Chan Hian Chern

Chan Yen Min



12. ACCOUNTANTS' REPORT



10 DEC 2024

The Board of Directors
Oriental Kopi Holdings Berhad
No. 39, Jalan TPP 3
Taman Perindustrian Putra
47130 Puchong
Selangor

Dear Sirs

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF ORIENTAL KOPI HOLDINGS BERHAD ("ORIENTAL KOPI" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group"). The financial information comprise:-

- (i) The combined statements of financial position as at 30 September 2021, 30 September 2022, 30 September 2023, and 30 September 2024, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 30 September 2021, FYE 30 September 2022, FYE 30 September 2023 and FYE 30 September 2024, as set out in pages 5 to 10; and
- (ii) Notes to the combined financial statements, including a summary of material accounting policy information and other explanatory information, as set out in pages 11 to 64.

This historical financial information has been prepared for inclusion in the prospectus of Oriental Kopi in connection with the listing of and quotation for the entire enlarged issued share capital of Oriental Kopi on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information gives 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 September 2024 and of their financial performances and their cash flows for each of the FYE 30 September 2021, FYE 30 September 2022, FYE 30 September 2023 and FYE 30 September 2024 in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Reporting Accountants' Responsibilities for the Audit of the Financial Information* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

12. ACCOUNTANTS' REPORT (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' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information 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 financial information of the Group that are free from material misstatement, whether due to fraud or error.

In preparing the financial information of the Group, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial information of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial information.

12. ACCOUNTANTS' REPORT (Cont'd)**REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information 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.

12. ACCOUNTANTS' REPORT (Cont'd)



RESTRICTION ON DISTRIBUTION AND USE

This report is made solely to the Group for inclusion in the Prospectus of Oriental Kopi in connection with the listing of and quotation for the entire enlarged issued share capital of Oriental Kopi on the ACE Market of Bursa Securities and for no other purpose. We do not assume responsibility to any other person for the content of this report contrary to the aforesaid purpose.

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Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

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Piong Yew Peng
03070/06/2025 J
Chartered Accountant

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION**

	Note	Audited			
		FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in a joint venture	4	-	-	-	967
Property, plant and equipment	5	1,967	6,815	18,574	31,025
Right-of-use assets	6	4,585	22,636	55,831	69,393
Deferred tax assets	7	4	72	8	243
		6,556	29,523	74,413	101,628
CURRENT ASSETS					
Inventories	8	166	821	2,107	6,923
Trade receivables	9	41	378	2,703	2,397
Other receivables, deposits and prepayments	10	510	4,420	6,247	10,925
Fixed deposit with a licensed bank	11	-	-	450	468
Current tax assets		-	-	-	177
Cash and bank balances		1,243	13,255	24,799	58,958
		1,960	18,874	36,306	79,848
TOTAL ASSETS		8,516	48,397	110,719	181,476
EQUITY AND LIABILITIES					
EQUITY					
Share capital	12	-	-	-	1
Invested capital	12	2,000	11,190	15,097	15,903
Share application money		-	-	400	-
(Accumulated losses)/Retained profits		(542)	6,477	18,485	37,617
TOTAL EQUITY		1,458	17,667	33,982	53,521
NON-CURRENT LIABILITIES					
Lease liabilities	13	3,953	18,400	47,552	57,588
Hire purchase payables	14	-	233	776	1,929
Provision for restoration costs	15	125	447	951	2,360
Deferred tax liabilities	7	6	236	280	26
		4,084	19,316	49,559	61,903

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

	Note	Audited			
		FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
CURRENT LIABILITIES					
Trade payables	16	168	702	1,890	5,742
Other payables and accruals	17	2,201	3,619	8,016	34,099
Lease liabilities	13	594	4,360	9,972	14,409
Hire purchase payables	14	-	51	207	540
Contract liabilities	18	-	-	-	345
Current tax liabilities		11	2,682	7,093	10,917
		2,974	11,414	27,178	66,052
TOTAL LIABILITIES		7,058	30,730	76,737	127,955
TOTAL EQUITY AND LIABILITIES		8,516	48,397	110,719	181,476
Number of ordinary shares ('000) #		1,581,899	1,581,899	1,581,899	1,581,899
NA attributable to owners of the Company (RM'000)		1,458	17,667	33,982	53,521
NA per ordinary share attributable to owners of the Company (Sen)		0.09	1.12	2.15	3.38

Notes:

(#) – it is assumed to be the number of ordinary shares before public issue.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Audited			
		FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
REVENUE	19	5,018	48,644	133,013	277,280
COST OF SALES		(4,762)	(32,940)	(93,927)	(194,490)
GROSS PROFIT		256	15,704	39,086	82,790
OTHER INCOME		22	180	318	1,523
SELLING AND DISTRIBUTION EXPENSES		(360)	(1,228)	(5,026)	(10,737)
ADMINISTRATIVE EXPENSES		(339)	(1,885)	(5,050)	(12,724)
FINANCE COSTS		(56)	(378)	(1,653)	(3,274)
SHARE OF RESULT OF A JOINT VENTURE		-	-	-	(56)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSET	20	-	-	(212)	-
(LOSS)/PROFIT BEFORE TAXATION	21	(477)	12,393	27,463	57,522
INCOME TAX EXPENSES	22	(13)	(2,833)	(7,435)	(14,390)
(LOSS)/PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE (EXPENSES)/INCOME		(490)	9,560	20,028	43,132
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(490)	9,560	20,028	43,132
GP margin (%)		5.10	32.28	29.39	29.86
(LBT)/PBT margin (%)		(9.51)	25.48	20.65	20.75
(LAT)/PAT margin (%)		(9.76)	19.65	15.06	15.56
Effective tax rate (%)		(2.73)	22.86	27.07	25.02
EBITDA		90	15,769	39,460	79,179
Number of ordinary shares ('000) #		1,581,899	1,581,899	1,581,899	1,581,899
Basic and diluted EPS (Sen)	23	(0.03)	0.60	1.27	2.73

Notes:

(#) – it is assumed to be the number of ordinary shares before public issue.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY**

				<u>Distributable</u>		
	Note	Share Capital RM'000	Invested Capital RM'000	Share Application Money RM'000	(Accumulated losses)/Retained Profits RM'000	Total Equity RM'000
Balance at 1 October 2020		-	1,000	-	(52)	948
Loss after taxation/Total comprehensive expenses for the financial year		-	-	-	(490)	(490)
Issuance of ordinary shares	12	-	1,000	-	-	1,000
Balance at 30 September 2021/ 1 October 2021		-	2,000	-	(542)	1,458
Profit after taxation/Total comprehensive income for the financial year		-	-	-	9,560	9,560
Issuance of ordinary shares	12	-	9,190	-	-	9,190
Dividends	24	-	-	-	(2,541)	(2,541)
Balance at 30 September 2022/ 1 October 2022		-	11,190	-	6,477	17,667
Profit after taxation/Total comprehensive income for the financial year		-	-	-	20,028	20,028
Issuance of ordinary shares	12	-	3,907	-	-	3,907
Share application money		-	-	400	-	400
Dividends	24	-	-	-	(8,020)	(8,020)
Balance at 30 September 2023/ 1 October 2023		-	15,097	400	18,485	33,982
Profit after taxation/Total comprehensive income for the financial year		-	-	-	43,132	43,132
Utilisation of share application money for issuance of ordinary shares		-	-	(400)	-	(400)
Issuance of ordinary shares	12	1	806	-	-	807
Dividends	24	-	-	-	(24,000)	(24,000)
Balance at 30 September 2024		1	15,903	-	37,617	53,521

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF CASH FLOWS**

	Note	Audited			
		FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(477)	12,393	27,463	57,522
Adjustment for:					
Depreciation:					
- Property, plant and equipment		249	1,056	3,286	6,324
- Right-of-use assets		262	1,942	7,177	12,981
Impairment loss on trade receivables		-	-	212	-
Interest expense on lease liabilities		56	372	1,611	3,197
Interest expense		-	6	42	77
Gain on lease termination		-	-	(3)	(113)
Gain on lease modification		-	-	(14)	-
Interest income		-	-	(119)	(922)
Share of result of a joint venture		-	-	-	56
Operating profit before working capital changes		90	15,769	39,655	79,122
Increase in inventories		(166)	(655)	(1,286)	(4,816)
Increase in trade and other receivables		(496)	(2,974)	(5,691)	(4,374)
Increase in trade and other payables		368	3,446	5,751	9,049
Increase in contract liabilities		-	-	-	345
CASH (FOR)/FROM OPERATIONS		(204)	15,586	38,429	79,326
Income tax paid		-	-	(2,916)	(11,232)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(204)	15,586	35,513	68,094
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Interest received		-	-	117	924
Purchase of property, plant and equipment	25(a)	(2,158)	(5,484)	(13,640)	(17,111)
Investment in a joint venture		-	-	-	(1,023)
Net advance to related parties		(55)	(21)	-	-
Net repayment from related parties		-	4	72	-
Net advance to shareholder and directors		-	(1,256)	-	-
Net repayment from shareholder and directors		-	-	1,256	-
NET CASH FOR INVESTING ACTIVITIES		(2,213)	(6,757)	(12,195)	(17,210)

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

	Note	Audited			
		FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FYE 2024 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Increase in fixed deposit pledged to licensed bank		-	-	(450)	(18)
Proceeds from issuance of ordinary shares		1,000	9,190	3,907	407
Share application money		-	-	400	-
Dividends paid		-	(2,541)	(8,020)	(3,000)
Repayment of hire purchase	25(b)	-	(136)	(397)	(292)
Net repayment to related parties	25(b)	(23)	-	(6)	-
Net advances from related parties	25(b)	-	6	-	-
Net advances from shareholders and directors	25(b)	1,969	336	-	-
Net repayment to shareholders and directors	25(b)	-	(1,836)	(469)	-
Repayment of lease liabilities	25(b)	(175)	(1,458)	(5,167)	(10,600)
Interest paid	25(b)	(56)	(378)	(1,572)	(3,222)
NET CASH FROM/(FOR) FINANCING ACTIVITIES		2,715	3,183	(11,774)	(16,725)
NET INCREASE IN CASH AND CASH EQUIVALENTS		298	12,012	11,544	34,159
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		945	1,243	13,255	24,799
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	25(d)	1,243	13,255	24,799	58,958

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. ABBREVIATIONS**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report:

Abbreviations**COMPANIES WITHIN THE GROUP**

Oriental Kopi or Company	Oriental Kopi Holdings Berhad Registration No: 202401007447 (1553297-V)
Oriental Kopi Group or the Group	Oriental Kopi and its Subsidiaries
Subsidiaries	Oriental Coffee BKT, Oriental Coffee CS, Oriental Coffee Gateway, Oriental Coffee International, Oriental Coffee KL, Oriental Coffee Puchong, Oriental Coffee SK, Oriental Coffee SP, Oriental Coffee Suria, Oriental Coffee TC, Oriental Coffee TRZ, Oriental Elite International, Oriental Kopi Global, OKG, Oriental Sun International and Oriental Sun PBJ collectively
OKG	Oriental Kopi Group Sdn Bhd Registration No: 202401007476 (1553326-X)
Oriental Coffee International	Oriental Coffee International Sdn Bhd Registration No: 202101014758 (1415058-W)
Oriental Sun International	Oriental Sun International Sdn Bhd Registration No: 202001025094 (1381414-W)
Oriental Coffee SK	Oriental Coffee (SK) Sdn Bhd Registration No: 202101012937 (1413236-A)
Oriental Coffee Puchong	Oriental Coffee (Puchong) Sdn Bhd Registration No: 202101017190 (1417490-W)
Oriental Sun PBJ	Oriental Sun (PBJ) Sdn Bhd Registration No: 202101033867 (1434167-P)
Oriental Elite International	Oriental Elite International Sdn Bhd Registration No: 202101033868 (1434168-M)
Oriental Coffee KL	Oriental Coffee (KL) Sdn Bhd Registration No: 202201003595 (1449292-K)
Oriental Coffee SP	Oriental Coffee (SP) Sdn Bhd Registration No: 202201015554 (1461251-U)
Oriental Coffee TC	Oriental Coffee (TC) Sdn Bhd Registration No: 202201040185 (1485882-H)
Oriental Coffee Suria	Oriental Coffee (Suria) Sdn Bhd Registration No: 202201045981 (1491678-M)
Oriental Coffee BKT	Oriental Coffee (BKT) Sdn Bhd Registration No: 202201045984 (1491681-M)
Oriental Coffee CS	Oriental Coffee (CS) Sdn Bhd Registration No: 202201045988 (1491685-W)

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****1. ABBREVIATIONS (CONT'D)**

Unless the context otherwise requires, the following abbreviations shall apply throughout this report (Cont'd):

Abbreviations (Cont'd)**COMPANIES WITHIN THE GROUP (CONT'D)**

Oriental Coffee TRZ	Oriental Coffee (TRZ) Sdn Bhd Registration No: 202201045998 (1491695-M)
Oriental Coffee Gateway	Oriental Coffee (Gateway) Sdn Bhd Registration No: 202301003777 (1497696-K)
Oriental Kopi Global	Oriental Kopi Global Pte Ltd Registration No: 202420627H
Paradise Oriental	Paradise Oriental Pte Ltd Registration No: 202408111M

GENERAL

Bursa Securities	Bursa Malaysia Securities Berhad
CA 2016	Companies Act 2016
EPS	Earnings Per Share
FPE	Financial Period Ended
FYE	Financial Year Ended
GP	Gross Profit
IFRS	International Financial Reporting Standards
(LAT)/PAT	(Loss)/Profit After Taxation
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
(LBT)/PBT	(Loss)/Profit Before Taxation
Listing	The admission of Oriental Kopi to the Official List of Bursa Securities and listing of and quotation for the entire enlarged issued share capital of Oriental Kopi on the ACE Market of Bursa Securities
MASB	Malaysian Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards
MPERS	Malaysian Private Entities Reporting Standard
NA	Net Assets
RM and Sen	Ringgit Malaysia and sen, respectively
SGD	Singapore Dollar
Shares	Ordinary shares of Oriental Kopi

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. GENERAL INFORMATION****2.1 INCORPORATION AND PRINCIPAL ACTIVITIES**

Oriental Kopi was incorporated in Malaysia under the CA 2016 on 23 February 2024 as a private limited company. On 14 May 2024, the Company was converted into a public limited company under the name of Oriental Kopi Holdings Berhad.

For the purpose of listing the Company on the ACE Market of Bursa Securities, the Company undertook a restructuring exercise via the acquisition of Subsidiaries as disclosed in Note 30 to the combined financial statements.

Details of the Subsidiaries as at the date of this report are as follows:-

Name of subsidiaries	Date and place of incorporation	Effective equity interest	Issued share capital	Principal activities
		%	RM	
Oriental Coffee International	20 April 2021 Malaysia	100	2,500,000	Distribution of packaged food
Oriental Sun International	25 August 2020 Malaysia	100	1,501,500	Cafe operation
Oriental Coffee SK	8 April 2021 Malaysia	100	1,501,500	Cafe operation
Oriental Coffee Puchong	6 May 2021 Malaysia	100	1,497,020	Cafe operation
Oriental Sun PBJ	14 October 2021 Malaysia	100	1,490,560	Cafe operation
Oriental Elite International	14 October 2021 Malaysia	100	1,905,482	Cafe operation
Oriental Coffee KL	27 January 2022 Malaysia	100	1,200,070	Cafe operation
Oriental Coffee SP	28 April 2022 Malaysia	100	1,400,052	Cafe operation
Oriental Coffee TC	31 October 2022 Malaysia	100	401,525	Cafe operation
Oriental Coffee Suria	16 December 2022 Malaysia	100	401,525	Cafe operation
Oriental Coffee BKT	16 December 2022 Malaysia	100	401,525	Cafe operation
Oriental Coffee CS	16 December 2022 Malaysia	100	500,304	Cafe operation
Oriental Coffee TRZ	16 December 2022 Malaysia	100	400,100	Cafe operation
Oriental Coffee Gateway	3 February 2023 Malaysia	100	801,525	Cafe operation
OKG	26 February 2024 Malaysia	100	1,000	Investment Holdings

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****2. GENERAL INFORMATION****2.1 INCORPORATION AND PRINCIPAL ACTIVITIES (CONT'D)**

Details of the Subsidiaries as at the date of this report are as follows (Cont'd):-

Name of subsidiaries	Date and place of incorporation	Effective equity interest %	Issued share capital SGD	Principal activities
Oriental Kopi Global	23 May 2024 Singapore	100	1,000	Investment Holdings

Details of the joint venture as at the date of this report are as follows:-

Name of joint venture	Date and place of incorporation	Effective equity interest %	Issued share capital SGD	Principal activities
Paradise Oriental	15 March 2024 Singapore	30	1,000,000	Cafe operation

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION**3.1 BASIS OF PREPARATION**

For the purposes of inclusion of combined financial statements in the Prospectus of Oriental Kopi in connection with the Listing, the combined financial statements comprise the combined statements of financial position as at 30 September 2021, 30 September 2022, 30 September 2023 and 30 September 2024, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the FYEs 30 September 2021, 30 September 2022, 30 September 2023 and 30 September 2024.

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 combined 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 merger 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 or the dates of incorporation of entities within the Group, if later. Such manner of presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period.

The identifiable assets and liabilities of all commonly controlled entities are accounted for at their historical costs. The accounting policies of common controlled entities have been changed where necessary to align them with the policies adopted by the Group.

All material intra-group transactions and balances have been eliminated on combination.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 BASIS OF PREPARATION (CON'T'D)**

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the separate financial statements for the relevant financial years as follows:

Company	Relevant financial years/periods	Accounting standards applied	Auditors
Oriental Coffee International	FPE from 20 April 2021 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Sun International	FPE from 25 August 2020 (date of incorporation) to 30 September 2021	MPERS	S.O Liang & Co
	FYE 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Coffee SK	FPE from 8 April 2021 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Coffee Puchong	FPE from 6 May 2021 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Sun PBJ	FPE from 14 October 2021 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Elite International	FPE from 14 October 2021 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Coffee KL	FPE from 27 January 2022 (date of incorporation) to 30 September 2022	MFRS	WS & Co PLT
	FYE 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Coffee SP	FPE from 28 April 2022 (date of incorporation) to 30 September 2023	MFRS	Crowe Malaysia PLT
	FYE 30 September 2024	MFRS	Crowe Malaysia PLT

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 BASIS OF PREPARATION (CON'T'D)**

These combined financial statements of the Group are the combination or aggregation of all of the financial statements of the entities of the Group and have been prepared based on the separate financial statements for the relevant financial years as follows (Cont'd):

Company	Relevant financial years/periods	Accounting standards applied	Auditors
Oriental Coffee TC	FPE from 31 October 2022 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Coffee Suria	FPE from 16 December 2022 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Coffee BKT	FPE from 16 December 2022 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Coffee CS	FPE from 16 December 2022 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Coffee TRZ	FPE from 16 December 2022 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Coffee Gateway	FPE from 3 February 2023 (date of incorporation) to 30 September 2023 FYE 30 September 2024	MFRS MFRS	Crowe Malaysia PLT Crowe Malaysia PLT
Oriental Kopi	FPE from 23 February 2024 (date of incorporation) to 30 September 2024	MFRS	Crowe Malaysia PLT
OKG	FPE from 26 February 2024 (date of incorporation) to 30 September 2024	MFRS	Crowe Malaysia PLT
Oriental Kopi Global	FPE from 23 May 2024 (date of incorporation) to 30 September 2024	IFRS	Crowe Malaysia PLT

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 BASIS OF PREPARATION (CON'T'D)**

The financial statements of the Oriental Sun International for the FPE 30 September 2021 and the financial statements of Oriental Coffee International, Oriental Sun International, Oriental Coffee SK, Oriental Coffee Puchong, Oriental Sun PBJ, Oriental Elite International and Oriental Coffee KL for the FYE/FPE 30 September 2022 have been re-audited by Crowe Malaysia PLT, prepared in accordance with MFRS and International Financial Reporting Standards for the purpose of inclusion in the prospectus to be issued by Oriental Kopi in connection with the Listing and should not be relied upon for any other purpose.

3.2 NEW MFRSs, AMENDMENT TO MFRSs AND IC INTERPRETATIONS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The Group has not applied in advance the following applicable accounting standards and/or Interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above applicable accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the combined financial statements of the Group upon their initial application.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION****(a) Critical Accounting Estimates and Judgements***Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(i) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country.

(iii) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(iv) 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 values of trade receivables.

(v) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)***Key Sources of Estimation Uncertainty (Cont'd)*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below (Cont'd):-

(vi) Income Taxes

There are certain transactions and computations 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 expense and deferred tax balances in the year in which such determination is made.

(vii) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

(viii) Provision of Restoration Costs

The provision of restoration costs are estimated using the assumptions that removal and restoration will only take place upon expiry of the lease terms.

While the provisions are based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

(ix) Contract Liabilities

Contract liabilities represent the deferral in the recognition of revenue for cash vouchers and membership points under the loyalty membership programme that are expected to be redeemed. It also represents the aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied as at the end of the reporting period.

The amount of sale proceeds apportioned to contract liabilities is estimated based on the historical redemption pattern for the cash vouchers and the stand alone selling price of the merchandise to be redeemed by using the membership points.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(a) Critical Accounting Estimates and Judgements (Cont'd)***Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(b) Basis of Combination

The Group resulting from the restructuring exercise, as disclosed in Note 30, comprises entities under common control. Accordingly, the combined financial statements have been accounted for using principles of merger accounting.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intragroup transactions, balances, income and expenses are eliminated on combination. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(i) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(b) Basis of Combination (Cont'd)****(i) Business Combinations (Cont'd)**

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

However, an acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited combined financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or businesses first come under the control of the controlling party or parties. Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited combined financial statements of the Group.

(ii) Non-controlling Interests

Non-controlling interests are presented within equity in the combined statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(iii) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(b) Basis of Combination (Cont'd)****(iv) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Investments in Joint Ventures

Investments in joint ventures are accounted for using the equity method in the combined financial statements of the Group.

(d) Financial Instruments**(i) Financial Assets****Financial Assets At Amortised Cost**

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(ii) Financial Liabilities**Financial Liabilities At Amortised Cost**

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(iii) Equity**Ordinary Shares**

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(e) Property, Plant and Equipment**

All items of property, plant and equipment are initially measured at cost.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rate are:-

Furniture, fittings and renovation	20%
Kitchen equipment	20%
Office equipment	20%
Motor vehicles	20%
Warehouse equipment	20%

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

(f) Right-of-use Assets and Lease Liabilities**(i) Short-term Leases and Leases of Low-value Assets**

The Group apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(ii) Right-of-use Assets

Right-of-use assets are initially measured at cost including the estimated cost of dismantling and removing the items and restoring that site on which they are located. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(iii) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****(h) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Dismantling, Removal and Restoration Costs

A provision is recognised when the Group has an obligation to dismantle and remove structures on identified sites and restore these sites to an acceptable condition. The provision is measured at the present value of the compounded future expenditure at current prices and is recognised as part of the cost of the relevant asset. The capitalised cost is depreciated over the expected life of the asset.

(i) Revenue from Contract with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Company has an enforceable right to payment.

(i) Sales of goods with credit term

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

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

3.3 MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

(i) Revenue from Contract with Customers (Cont'd)

(ii) Sales of goods and rendering of services with cash term

Revenue from sale of goods and rendering of services is recognised when the Group has transferred control of the goods to the customer, being at the point the customer purchases the goods at the retail outlets or when the services have been rendered to the customers. Payment for the transaction is due immediately at the point the customer purchases the goods and takes delivery in outlet.

The Group operates a loyalty membership programme where retail customers accumulate points or receive cash vouchers for purchase made which entitle them to exchange for food, beverage or merchandise. Past experience is used to estimate and provide for discount using expected value method. A contract liability for award points is recognised at the time of the initial sales transactions. Revenue is recognised when the points are redeemed by customer or expire.

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12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

4. INVESTMENT IN A JOINT VENTURE

	The Group 2024 RM'000
Unquoted shares, at cost	1,023
Share of post acquisition losses	(56)
	<u>967</u>

The details of the joint venture are as follows:-

Name of Joint Venture	Principal Place of Business and Country of Incorporation	Percentage of Ownership 2024	Principal Activities
Held through Oriental Kopi Global			
Paradise Oriental	Singapore	30%	Cafe Operation

- (a) The joint arrangement is structured through a separate vehicle which provides the Group a right to the net assets of the entities. Accordingly, this investment is classified as joint venture.
- (b) Although the Group holds less than 50% of the voting power in the joint venture, the Group has determined that it has a joint control over the investee considering that the board resolution of the investee requires at least one Oriental Kopi Global appointed director to vote in favour.
- (c) The summarised unaudited financial information for joint venture is as follows:-

	Paradise Oriental 2024 RM'000
<u>At 31 December</u>	
Current assets	3,268
Current liabilities	(227)
Net assets	<u>3,041</u>
Included in assets and liabilities are:	
- cash and cash equivalents	<u>1,365</u>
<u>FPE from 1 August 2024 to 30 September 2024</u>	
Loss for the financial period	<u>(188)</u>
Group's share of loss for the financial year	<u>(56)</u>
<u>Reconciliation of Net Assets to Carrying Amount</u>	
Group's share of net assets above	912
Foreign exchange differences	55
Carrying amount of the Group's interests in this joint venture	<u>967</u>

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

5. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2020 RM'000	Additions (Note 25(a)) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2021 RM'000
2021				
Carrying Amount				
Furniture, fittings and renovation	-	1,518	(159)	1,359
Kitchen equipment	58	462	(65)	455
Office equipment	-	178	(25)	153
	58	2,158	(249)	1,967

	At 1.10.2021 RM'000	Additions (Note 25(a)) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2022 RM'000
2022				
Carrying Amount				
Furniture, fittings and renovation	1,359	3,724	(664)	4,419
Kitchen equipment	455	1,069	(241)	1,283
Office equipment	153	421	(76)	498
Motor vehicles	-	543	(69)	474
Warehouse equipment	-	147	(6)	141
	1,967	5,904	(1,056)	6,815

	At 1.10.2022 RM'000	Additions (Note 25(a)) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2023 RM'000
2023				
Carrying Amount				
Furniture, fittings and renovation	4,419	9,963	(2,102)	12,280
Kitchen equipment	1,283	2,435	(592)	3,126
Office equipment	498	654	(181)	971
Motor vehicles	474	1,716	(364)	1,826
Warehouse equipment	141	153	(47)	247
Assets under construction	-	124	-	124
	6,815	15,045	(3,286)	18,574

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

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

	At 1.10.2023 RM'000	Additions (Note 25(a)) RM'000	Reclassification from/(to) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2024 RM'000
2024					
Carrying Amount					
Furniture, fittings and renovation	12,280	10,368	1,015	(4,241)	19,422
Kitchen equipment	3,126	2,498	-	(1,048)	4,576
Office equipment	971	627	-	(304)	1,294
Motor vehicles	1,826	2,509	-	(653)	3,682
Warehouse equipment	247	128	-	(78)	297
Assets under construction	124	2,645	(1,015)	-	1,754
	18,574	18,775	-	(6,324)	31,025

	Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2021			
Furniture, fittings and renovation	1,518	(159)	1,359
Kitchen equipment	522	(67)	455
Office equipment	178	(25)	153
	2,218	(251)	1,967

	Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2022			
Furniture, fittings and renovation	5,242	(823)	4,419
Kitchen equipment	1,591	(308)	1,283
Office equipment	599	(101)	498
Motor vehicles	543	(69)	474
Warehouse equipment	147	(6)	141
	8,122	(1,307)	6,815

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2023			
Furniture, fittings and renovation	15,205	(2,925)	12,280
Kitchen equipment	4,026	(900)	3,126
Office equipment	1,253	(282)	971
Motor vehicles	2,259	(433)	1,826
Warehouse equipment	300	(53)	247
Assets under construction	124	-	124
	23,167	(4,593)	18,574
2024			
Furniture, fittings and renovation	26,588	(7,166)	19,422
Kitchen equipment	6,524	(1,948)	4,576
Office equipment	1,880	(586)	1,294
Motor vehicles	4,768	(1,086)	3,682
Warehouse equipment	428	(131)	297
Assets under construction	1,754	-	1,754
	41,942	(10,917)	31,025

Included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM2,903,000 (2023 – RM1,222,000, 2022 – RM364,000, 2021 – Nil) held under hire purchase agreements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 14 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

6. RIGHT-OF-USE ASSETS

	At 1.10.2020 RM'000	Additions (Note 25(a)) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2021 RM'000
2021				
Outlets	-	4,792	(254)	4,538
Staff hostels	-	55	(8)	47
	-	4,847	(262)	4,585

	At 1.10.2021 RM'000	Additions (Note 25(a)) RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2022 RM'000
2022				
Outlets	4,538	15,388	(1,680)	18,246
Staff hostels	47	541	(77)	511
Warehouses and office	-	4,064	(185)	3,879
	4,585	19,993	(1,942)	22,636

	At 1.10.2022 RM'000	Additions (Note 25(a)) RM'000	Termination of lease RM'000	Modification of lease RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2023 RM'000
2023						
Outlets	18,246	39,178	-	118	(6,072)	51,470
Staff hostels	511	523	(41)	39	(341)	691
Warehouses and office	3,879	605	(50)	-	(764)	3,670
	22,636	40,306	(91)	157	(7,177)	55,831

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

6. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.10.2023 RM'000	Additions (Note 25(a)) RM'000	Reassessment of restoration cost (Note25(a)) RM'000	Termination of lease RM'000	Modification of lease RM'000	Depreciation Charges (Note 21) RM'000	At 30.9.2024 RM'000
2024							
Outlets	51,470	26,186	775	(2,482)	1,518	(11,873)	65,594
Staff hostels	691	-	-	(531)	-	(160)	-
Warehouses and office	3,670	885	-	(18)	210	(948)	3,799
	55,831	27,071	775	(3,031)	1,728	(12,981)	69,393

(a) The Group leases certain outlets, staff hostels, warehouses and office of which the leasing activities are summarised below:-

Outlets The Group has leased outlets that run 3 (2023 – 3; 2022 – 3; 2021 – 3) years, with options to renew the leases after that date.
Some leases contain variable lease payments that are based on sales that the Group makes at the outlets.

Warehouses and office The Group has leased warehouses and office that run between 1 to 3 (2023 - 1 to 3; 2022 - 1 to 3; 2021 - 1 to 2) years, with options to renew the leases after that date.

Staff hostels The Group has leased staff hostels that run between Nil (2023 - 1 to 2; 2022 - 1 to 2; 2021 - 1) years, with options to renew the leases after that date.

The Group has terminated all its staff hostels on 1 March 2024.

(b) The Group also has several leases with lease terms of 12 months or less and leases of equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****7. DEFERRED TAX LIABILITIES/(ASSETS)**

	At 1.10.2020 RM'000	Recognised in Profit or Loss (Note 22) RM'000	At 30.09.2021 RM'000
2021			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	-	6	6
Right-of-use assets	-	610	610
	-	616	616
<i>Deferred Tax Assets</i>			
Lease liabilities	-	(614)	(614)
	-	2	2
2022			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	6	303	309
Right-of-use assets	610	4,925	5,535
	616	5,228	5,844
<i>Deferred Tax Assets</i>			
Lease liabilities	(614)	(5,066)	(5,680)
	2	162	164
2023			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	309	407	716
Right-of-use assets	5,535	2,708	8,243
	5,844	3,115	8,959
<i>Deferred Tax Assets</i>			
Lease liabilities	(5,680)	(2,956)	(8,636)
Impairment loss on trade receivables	-	(51)	(51)
	(5,680)	(3,007)	(8,687)
	164	108	272

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****7. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)**

	At 1.10.2023 RM'000	Recognised in Profit or Loss (Note 22) RM'000	At 30.09.2024 RM'000
2024			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	716	392	1,108
Right-of-use assets	8,243	7,845	16,088
	<u>8,959</u>	<u>8,237</u>	<u>17,196</u>
<i>Deferred Tax Assets</i>			
Lease liabilities	(8,636)	(8,643)	(17,279)
Impairment loss on trade receivables	(51)	-	(51)
Contract liabilities	-	(83)	(83)
	<u>(8,687)</u>	<u>(8,726)</u>	<u>(17,413)</u>
	<u>272</u>	<u>(489)</u>	<u>(217)</u>

Presented after appropriate offsetting as follows:-

	2021 RM'000	The Group		2024 RM'000
		2022 RM'000	2023 RM'000	
Deferred tax liabilities	6	236	280	26
Deferred tax assets	(4)	(72)	(8)	(243)
	<u>2</u>	<u>164</u>	<u>272</u>	<u>(217)</u>

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	2021 RM'000	The Group		2024 RM'000
		2022 RM'000	2023 RM'000	
Other deductible temporary differences	375	-	814	-

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****8. INVENTORIES**

	At 30 September			
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Raw materials	129	620	1,663	5,519
Merchandise goods	37	201	444	1,404
	<u>166</u>	<u>821</u>	<u>2,107</u>	<u>6,923</u>
Recognised in profit or loss:- Inventories recognised as cost of sales	2,845	20,159	54,355	114,597

9. TRADE RECEIVABLES

	At 30 September			
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Trade receivables	41	378	2,915	2,609
Allowance for impairment losses	-	-	(212)	(212)
	<u>41</u>	<u>378</u>	<u>2,703</u>	<u>2,397</u>
Allowances for impairment losses:- At the beginning of the financial year	-	-	-	212
Addition during the financial year (Note 20)	-	-	212	-
At the end of the financial year	<u>-</u>	<u>-</u>	<u>212</u>	<u>212</u>

- (a) Included in trade receivables is an amount of RM Nil (2023 – RM1,294,000; 2022 – RM35,000; 2021 – RM13,000) which is in respect of amount due by companies in which certain directors of the Group have substantial financial interests.
- (b) The Group's normal trade credit terms range from 30 to 60 (2023 - 30 to 60; 2022 - 30 to 60; 2021 – 30 to 60) days. Other credit terms are assessed and approved on a case-by-case basis.

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12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2021	At 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
Other receivables:-				
Third parties	95	244	253	159
Related parties	55	72	-	-
Shareholders	-	186	-	-
Directors	-	1,069	-	-
Advances to suppliers	150	1,571	253	159
Deposits	-	602	1,397	3,804
Prepayments	360	1,969	4,096	6,339
	-	278	501	623
	510	4,420	6,247	10,925

- (a) The amount owing by directors, shareholders and related parties in which certain directors of the Group have substantial financial interests represents unsecured interest-free advances which have been repaid in FYE 2023.
- (b) The advances to suppliers are unsecured and interest-free. The amount will be offset against future purchases and/or services from the suppliers.
- (c) The deposits mainly consist of security deposits paid for leases of outlets and warehouses.

11. FIXED DEPOSIT WITH A LICENSED BANK

- (a) The fixed deposit with a licensed bank of the Group at the end of the reporting period bore effective interest rate of 2.30% to 2.50% (2023 - 2.40% to 2.50%; 2022 – Nil; 2021 – Nil) per annum. The fixed deposit has maturity period of 1 month (2023 – 1 month; 2022 – Nil; 2021 – Nil).
- (b) The fixed deposit with a licensed bank of the Group at the end of the reporting period of RM468,000 (2023 – RM450,000; 2022 – Nil and 2021 – Nil) has been pledged to a licensed bank as security for banking facilities granted to the Group.

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12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

12. SHARE CAPITAL AND INVESTED CAPITAL

(a) Share Capital

	2021	2022	2023	At 30 September 2024	2021	2022	2023	2024
	Number of shares ('000)				RM'000			
Issued and Fully Paid-up								
Ordinary Shares								
At the beginning of the financial year	-	-	-	-	-	-	-	-
Issuance of new shares	-	-	-	1	-	-	-	1
At the end of the financial year	-	-	-	1	-	-	-	1

(b) Invested Capital

	2021	2022	2023	At 30 September 2024	2021	2022	2023	2024
	Number of shares ('000)				RM'000			
Issued and Fully Paid-up								
Ordinary Shares								
At the beginning of the financial year	1,000	2,000	11,224	15,207	1,000	2,000	11,190	15,097
Issuance of new shares	1,000	9,224	3,983	457	1,000	9,190	3,907	806
At the end of the financial year	2,000	11,224	15,207	15,664	2,000	11,190	15,097	15,903

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****12. SHARE CAPITAL AND INVESTED CAPITAL (CONT'D)**

For the purpose of this report, the total number of ordinary shares as at 30 September 2021, 30 September 2022, 30 September 2023 and 30 September 2024 represent the aggregate number of issued and fully paid-up ordinary shares of all combining entities within the Group.

13. LEASE LIABILITIES

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
At the beginning of the financial year	-	4,547	22,760	57,524
Addition of new leases	4,722	19,671	39,802	26,331
Termination of lease	-	-	(95)	(3,038)
Lease modification	-	-	143	1,728
Interest expense recognised in profit or loss (Note 21)	56	372	1,611	3,197
Repayment of principal	(175)	(1,458)	(5,167)	(10,600)
Repayment of interest expense	(56)	(372)	(1,530)	(3,145)
At the end of the financial year	4,547	22,760	57,524	71,997
Analysed by:-				
Current liabilities	594	4,360	9,972	14,409
Non-current liabilities	3,953	18,400	47,552	57,588
	4,547	22,760	57,524	71,997

14. HIRE PURCHASE PAYABLES

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Minimum hire purchase payments:-				
- not later than 1 year	-	64	257	666
- later than 1 year but not later than 5 years	-	228	838	2,057
- later than 5 years	-	33	14	78
Less: Future finance charges	-	325	1,109	2,801
Present value of hire purchase payables	-	(41)	(126)	(332)
	-	284	983	2,469
Analysed by:-				
Current liabilities	-	51	207	540
Non-current liabilities	-	233	776	1,929
	-	284	983	2,469

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****14. HIRE PURCHASE PAYABLES (CONT'D)**

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 5 to the financial statements. The hire purchases arrangements are expiring within 3 to 7 (2023 – 4 to 6; 2022 – 5 to 7; 2021 – Nil) years.
- (b) Certain hire purchase payables of the Group are secured by the personal guarantees from certain directors of the Group.
- (c) The hire purchase payables of the Group at the end of the reporting period bore effective interest rate range from 3.32% to 6.75% (2023 – 4.02% to 6.75%; 2022 – 4.02% to 6.32%; 2021 – Nil).

15. PROVISION FOR RESTORATION COSTS

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
At the beginning of the financial year	-	125	447	951
Provision made during the year	125	322	504	1,515
Termination of lease	-	-	-	(106)
At the end of the financial year	125	447	951	2,360

Under certain property lease arrangements, the Group has an obligation to dismantle and remove structures on certain sites and restore those sites at the end of the lease terms to an acceptable condition consistent with the lease arrangement.

The provisions are estimated using the assumption that removal and restoration will only take place upon expiry of the lease terms.

While the provisions are based on the best estimates of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

Provision for restoration costs is classified as non-current liabilities unless the remaining lease period of leases, for which the restoration is required, expires within 12 months after the reporting date.

16. TRADE PAYABLES

- (a) Included in trade payables is an amount of RM Nil (2023 – RM Nil; 2022 – RM85,000; 2021 – RM500) which is in respect of amount due to the companies in which certain directors of the Group have substantial financial interests.
- (b) The normal trade credit terms granted to the Group is 30 – 60 (2023 – 30 – 60; 2022 – 30; 2021 – 30) days.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****17. OTHER PAYABLES AND ACCRUALS**

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Other payables:-				
Third parties	76	360	3,234	2,310
Related parties	-	82	-	-
Shareholders	-	163	-	-
Directors	1,969	306	-	-
	2,045	911	3,234	2,310
Other payables for purchase of property, plant and equipment	-	-	309	195
Dividend payable	-	-	-	21,000
Deposits received	30	-	180	-
Service tax payable	-	595	1,188	2,295
Accruals	126	2,113	3,105	8,299
	2,201	3,619	8,016	34,099

For FYE 2023 and 2024, the other payables (third parties) mainly represent the amount owing to the managed service provider for cleaning services and worker management services which include the payroll services, arrangements for accommodation, transportation, medical and training.

The amounts owing to directors and shareholders represent unsecured interest-free advances which are repayable on demand. The amount owing has been settled in FYE 30 September 2023.

Included in the amount owing to related parties, in which certain directors of the Group have substantial financial interest, are balances of approximately RM76,000 arose from the purchases of equipment. The amount is unsecured, interest-free and has been settled in FYE 30 September 2023. The remaining amount of approximately RM6,000 represents unsecured interest-free advances from related parties which has been settled in FYE 30 September 2023.

18. CONTRACT LIABILITIES**Loyalty membership programme**

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
At the beginning of the financial year	-	-	-	-
Provision made during the year	-	-	-	345
At the end of the financial year	-	-	-	345

Contract liabilities represent the deferral in the recognition of revenue for cash vouchers and membership points under the loyalty membership programme that are expected to be redeemed. It also represents the aggregate amount of the transaction price allocated to the performance obligations that are partially unsatisfied as at the end of the reporting period. The amount of sale proceeds apportioned to contract liabilities is estimated based on the historical redemption pattern for the cash vouchers and the stand-alone selling price of the merchandise to be redeemed by using the membership points.

The contract liabilities will only be recognised when the cash vouchers or membership points are redeemed or upon expiry of the redemption period.

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

18. CONTRACT LIABILITIES (CONT'D)

Loyalty membership programme (Cont'd)

As the expiry dates of the cash vouchers and membership points are within one year, the Group applies the practical expedient not to disclose the information pertaining to the timing of revenue recognition from the remaining performance obligations.

19. REVENUE

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Revenue from Contracts with Customers				
<u>Recognised at a point in time</u>				
Operation of cafe chain				
- F&B services	4,866	45,457	114,938	224,912
- In-store sales of packaged foods	85	2,651	11,133	35,966
	4,951	48,108	126,071	260,878
Distribution of packaged foods	52	494	3,011	11,520
Sales of material, consumable and equipment	15	42	3,931	4,882
	5,018	48,644	133,013	277,280

20. NET IMPAIRMENT LOSSES ON FINANCIAL ASSET

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
Trade receivables (Note 9)	-	-	212	-

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12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****21. (LOSS)/PROFIT BEFORE TAXATION**

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is arrived at after charging:-				
Auditor's remuneration				
- current financial year	8	53	168	242
- under provision in the previous financial year	-	-	1	-
Depreciation:				
- property, plant and equipment (Note 5)	249	1,056	3,286	6,324
- right-of-use assets (Note 6)	262	1,942	7,177	12,981
Staff costs (including other key management personnel as disclosed in Note 26):				
- short term employee benefit	894	6,947	19,645	39,841
- defined contribution plan	82	487	820	1,583
Interest expenses on financial liabilities that are not at fair value through profit or loss	-	6	42	77
Interest expenses on lease liabilities (Note 13)	56	372	1,611	3,197
Listing expenses	-	-	160	1,920
Loss on foreign exchange:				
- realised	1	2	2	1
Lease expenses:				
- short term leases	139	161	93	258
- low value assets	3	11	45	107
- variable lease payments	-	2,019	7,507	15,930
Share of loss of a joint venture	-	-	-	56
After crediting:-				
Rental income	-	(50)	(42)	(5)
Gain on lease modification	-	-	(14)	-
Gain on lease termination	-	-	(3)	(113)
Interest income on financial assets measured at amortised cost	-	-	(119)	(922)

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****22. INCOME TAX EXPENSE**

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Income tax				
- current financial year	11	2,671	7,261	15,050
- under/(over)provision in previous financial year	-	-	66	(171)
	<u>11</u>	<u>2,671</u>	<u>7,327</u>	<u>14,879</u>
Deferred tax (Note 7)				
- origination and reversal of temporary difference	2	162	53	(372)
- under/(over)provision in previous financial year	-	-	55	(117)
	<u>2</u>	<u>162</u>	<u>108</u>	<u>(489)</u>
	<u>13</u>	<u>2,833</u>	<u>7,435</u>	<u>14,390</u>

A reconciliation of tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to tax expense at the effective tax rate of the Group is as follows:-

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation	(477)	12,393	27,463	57,522
Tax (income)/expenses at the statutory rate of 24%	(114)	2,974	6,591	13,805
Tax effects of:-				
Reduction in tax rate on small scale companies	(5)	(224)	(408)	(581)
Non-deductible expenses	42	197	936	1,564
Non-taxable income	-	(24)	-	(2)
Utilisation of deferred tax assets previously not recognised	-	(90)	-	(108)
Deferred tax assets not recognised during the financial year	90	-	195	-
Under/(Over)provision of income tax in previous financial year	-	-	66	(171)
Under/(Over)provision of deferred tax in previous financial year	-	-	55	(117)
	<u>13</u>	<u>2,833</u>	<u>7,435</u>	<u>14,390</u>

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****22. INCOME TAX EXPENSE (CONT'D)**

The corporate tax rate of certain companies at the first RM150,000 (2023 – RM150,000; 2022 – RM600,000; 2021 – RM600,000) of chargeable income is 15% (2023 – 15%; 2022 – 17%; 2021 – 17%). The tax rate applicable to the next RM450,000 (2023 – RM450,000; 2022 – Nil; 2021 - Nil) is 17% (2023 – 17%; 2022 – Nil; 2021 - Nil). The tax rate applicable to the balance of the chargeable income is 24% (2023 – 24%; 2022 – 24%; 2021 – 24%).

23. BASIC AND DILUTED EARNINGS PER SHARE

	2021	FYE 30 September		2024
		2022	2023	
(Loss)/Profit attributable to owners of the Company (RM'000)	(490)	9,560	20,028	43,132
Number of ordinary shares ('000) #	1,581,899	1,581,899	1,581,899	1,581,899
Basic and diluted earnings per share (Sen)	(0.03)	0.60	1.27	2.73

- it is assumed to be the number of ordinary shares before public issue.

24. DIVIDENDS

No dividend has been declared by Oriental Kopi Group or the Group in FYE 2021.

Detail of dividends paid and declared by Oriental Kopi Group or the Group for each FYE are as follows:

FYE 2022

<u>Company</u>	<u>Related to</u>	<u>Type of dividend</u>	<u>Dividend per share (RM)</u>	<u>Amount (RM'000)</u>
Oriental Sun	FYE 2022	Interim dividend	0.07	100
International	FYE 2022	Interim dividend	0.03	51
Oriental Coffee	FYE 2022	Interim dividend	0.07	100
SK	FYE 2022	Interim dividend	0.17	250
Oriental Coffee	FYE 2022	Interim dividend	10,000	1,000
Puchong	FYE 2022	Interim dividend	0.07	100
	FYE 2022	Interim dividend	0.56	840
Oriental Sun PBJ	FYE 2022	Interim dividend	0.07	100
				2,541

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****24. DIVIDENDS (CONT'D)**

Detail of dividends paid and declared by Oriental Kopi Group or the Group for each FYE are as follows (Cont'd):

FYE 2023

<u>Company</u>	<u>Related to</u>	<u>Type of dividend</u>	<u>Dividend per share (RM)</u>	<u>Amount (RM'000)</u>
Oriental Coffee International	FYE 2023	Interim dividend	0.44	1,100
Oriental Sun International	FYE 2023	Interim dividend	0.07	100
	FYE 2023	Interim dividend	0.20	300
Oriental Coffee SK	FYE 2023	Interim dividend	0.13	200
	FYE 2023	Interim dividend	0.67	1,000
Oriental Coffee Puchong	FYE 2023	Interim dividend	0.13	200
	FYE 2023	Interim dividend	0.47	700
Oriental Sun PBJ	FYE 2023	Interim dividend	0.13	200
	FYE 2023	Interim dividend	0.60	900
Oriental Coffee KL	FYE 2023	Interim dividend	0.08	100
	FYE 2023	Interim dividend	0.18	220
	FYE 2023	Interim dividend	0.78	950
Oriental Elite International	FYE 2023	Interim dividend	0.13	200
	FYE 2023	Interim dividend	0.63	1,000
Oriental Coffee SP	FYE 2023	Interim dividend	0.07	100
	FYE 2023	Interim dividend	0.54	750
				8,020

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12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****24. DIVIDENDS (CONT'D)**

Detail of dividends paid and declared by Oriental Kopi Group or the Group for each FYE are as follows (Cont'd):

FYE 2024

<u>Company</u>	<u>Related to</u>	<u>Type of dividend</u>	<u>Dividend per share (RM)</u>	<u>Amount (RM'000)</u>
Oriental Coffee	FYE 2023	Interim dividend	0.12	300
International	FYE 2024	Interim dividend	1.00	2,500
Oriental Coffee	FYE 2023	Interim dividend	0.67	1,000
SK	FYE 2024	Interim dividend	1.67	2,500
Oriental Sun PBJ	FYE 2023	Interim dividend	0.27	400
	FYE 2024	Interim dividend	1.33	2,000
Oriental Coffee	FYE 2023	Interim dividend	0.41	500
KL	FYE 2024	Interim dividend	2.04	2,500
Oriental Elite	FYE 2023	Interim dividend	0.19	300
International	FYE 2024	Interim dividend	2.21	3,500
Oriental Coffee	FYE 2023	Interim dividend	0.36	500
SP	FYE 2024	Interim dividend	2.50	3,500
Oriental Coffee	FYE 2024	Interim dividend	4.00	2,000
TC				
Oriental Coffee	FYE 2024	Interim dividend	5.00	2,500
CS				
				24,000

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12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. CASH FLOW INFORMATION**

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	2021	FYE 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchase (Note 5)	2,158	5,904	15,045	18,775
Less: Acquired through hire purchase arrangements	-	(420)	(1,096)	(1,778)
Less: Amount owing to other payable (Note 17)	-	-	(309)	(195)
Add: Payments in respect of previous financial year's purchases	-	-	-	309
	<u>2,158</u>	<u>5,484</u>	<u>13,640</u>	<u>17,111</u>

	2021	FYE 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
Right-of-use assets				
Cost of right-of-use assets acquired (Note 6)	4,847	19,993	40,306	27,071
Add: Reassessment of restoration cost (Note 6)	-	-	-	775
Less: Additions of new lease liabilities (Note 25(b))	(4,722)	(19,671)	(39,802)	(26,331)
Less: Provision of restoration cost (Note 15)	(125)	(322)	(504)	(1,515)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. CASH FLOW INFORMATION**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Lease Liabilities RM'000	Amount Owing to Related Parties (Non-trade) RM'000	Amount Owing to Directors and Shareholders RM'000	Total RM'000
2021				
At the beginning of the financial year	-	23	-	23
<u>Changes in Financing Cash Flows</u>				
Repayment to principal	(175)	-	-	(175)
Repayment of interest	(56)	-	-	(56)
Net repayment to related parties	-	(23)	-	(23)
Net advances from directors and shareholders	-	-	1,969	1,969
	(231)	(23)	1,969	1,715
<u>Other Changes</u>				
Addition of new leases (Notes 13 and 25(a))	4,722	-	-	4,722
Interest expenses recognised in profit or loss (Note 21)	56	-	-	56
	4,778	-	-	4,778
At the end of the financial year	4,547	-	1,969	6,516

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Amount Owing to Related Parties (Non-trade) RM'000	Amount Owing to Directors and Shareholders RM'000	Total RM'000
2022					
At the beginning of the financial year	4,547	-	-	1,969	6,516
<u>Changes in Financing Cash Flows</u>					
Repayment to principal	(1,458)	(136)	-	-	(1,594)
Repayment of interest	(372)	(6)	-	-	(378)
Net advances from related parties	-	-	6	-	6
Net advances from directors and shareholders	-	-	-	336	336
Net repayment to directors and shareholders	-	-	-	(1,836)	(1,836)
	(1,830)	(142)	6	(1,500)	(3,466)
<u>Other Changes</u>					
Acquisition of property, plant and equipment (Notes 25(a))	-	420	-	-	420
Addition of new leases (Notes 13 and 25(a))	19,671	-	-	-	19,671
Interest expenses recognised in profit or loss (Note 21)	372	6	-	-	378
	20,043	426	-	-	20,469
At the end of the financial year	22,760	284	6	469	23,519

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****25. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Amount Owing to Related Parties (Non-trade) RM'000	Amount Owing to Directors and Shareholders RM'000	Total RM'000
2023					
At the beginning of the financial year	22,760	284	6	469	23,519
<u>Changes in Financing Cash Flows</u>					
Repayment to principal	(5,167)	(397)	-	-	(5,564)
Repayment of interest	(1,530)	(42)	-	-	(1,572)
Net repayment to related parties	-	-	(6)	-	(6)
Net repayment to directors and shareholders	-	-	-	(469)	(469)
	(6,697)	(439)	(6)	(469)	(7,611)
<u>Other Changes</u>					
Acquisition of property, plant and equipment (Notes 25(a))	-	1,096	-	-	1,096
Addition of new leases (Note 13 and 25(a))	39,802	-	-	-	39,802
Lease termination (Note 13)	(95)	-	-	-	(95)
Modification of lease (Note 13)	143	-	-	-	143
Interest expenses recognised in profit or loss (Note 21)	1,611	42	-	-	1,653
	41,461	1,138	-	-	42,599
At the end of the financial year	57,524	983	-	-	58,507

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

25. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities	Hire Purchase Payables	Total
	RM'000	RM'000	RM'000
2024			
At the beginning of the financial year	57,524	983	58,507
<u>Changes in Financing Cash Flows</u>			
Repayment to principal	(10,600)	(292)	(10,892)
Repayment of interest	(3,145)	(77)	(3,222)
	(13,745)	(369)	(14,114)
<u>Other Changes</u>			
Acquisition of property, plant and equipment (Note 25(a))	-	1,778	1,778
Addition of new leases (Notes 13 and 25(a))	26,331	-	26,331
Lease termination (Note 13)	(3,038)	-	(3,038)
Modification of lease (Note 13)	1,728	-	1,728
Interest expenses recognised in profit or loss (Note 21)	3,197	77	3,274
	28,218	1,855	30,073
At the end of the financial year	71,997	2,469	74,466

(c) The cash outflows for leases as a lessee are as follows:-

	2021	FYE 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
Payment for short term leases	139	161	93	258
Payment for low value assets	3	11	45	107
Payment for variable lease payments	-	2,019	7,507	15,930
Interest paid on lease liabilities	56	372	1,530	3,145
Payment of lease liabilities	175	1,458	5,167	10,600
	373	4,021	14,342	30,040

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

25. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	2021	At 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
Fixed deposit with a licensed bank	-	-	450	468
Cash and bank balances	1,243	13,255	24,799	58,958
	1,243	13,255	25,249	59,426
Less: Fixed deposits pledged to a license bank (Note 11(b))	-	-	(450)	(468)
	1,243	13,255	24,799	58,958

26. KEY MANAGEMENT PERSONNEL

	2021	FYE 30 September		2024
	RM'000	2022	2023	RM'000
		RM'000	RM'000	RM'000
(a) Directors				
<u>Directors of the Group</u>				
Short term employee benefit	80	408	505	1,024
Defined contribution plans	9	49	60	123
	89	457	565	1,147
(b) Other Key Management Personnel				
Short term employee benefit	94	191	473	859
Defined contribution plans	11	23	56	102
	105	214	529	961

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****27. RELATED PARTIES DISCLOSURE****Significant related party transactions and balances**

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year:-

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Companies in which directors have financial interest				
Purchase of goods	28	277	1,308	-
Purchase of equipment	6	141	228	204
Rental expense/payable	-	-	-	440
Sales of material, consumable and equipment	13	23	3,867	4,758
Distribution of packaged foods	14	40	69	310

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

28. OPERATING SEGMENTS

The Group operates predominantly in food and beverage business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

Major Customers

There is no single customer that contributed 10% or more to the Group's revenue.

29. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

29.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the (loss)/profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.2 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

The Group's policies in respect of the major areas of treasury activity are as follows (Cont'd):-

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

Interest Rate Risk Sensitivity Analysis

The Group does not have any floating rate borrowings and hence, no sensitivity analysis is presented.

(iii) Equity Rate Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 (2023 – 2; 2022 – 1; 2021 – Nil) customers which constituted approximately 37% (2023 – 61%; 2022 – 34%; 2021 – Nil) of its trade receivables (including related parties) at the end of the reporting period.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost, contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming a probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade Receivables and Amount Owing by Related Parties (Trade Balances)

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Amount Owing by Related Parties (Trade Balances)
(Cont'd)*Inputs, Assumptions and Techniques used for Estimating Impairment Losses
(Cont'd)*

The expected loss rates are based on the payment profiles of sales before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the Gross Domestic Product (GDP), Consumer Price Index (CPI), Unemployment Rate and Food Inflation Rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for impairment losses

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2021			
Current (not past due)	41	-	41
	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2022			
Current (not past due)	331	-	331
1 to 30 days past due	26	-	26
31 to 60 days past due	-	-	-
61 to 90 days past due	14	-	14
More than 90 days past due	7	-	7
	378	-	378

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Amount Owing by Related Parties (Trade Balances)
(Cont'd)*Allowance for impairment losses*

	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2023			
Current (not past due)	2,064	(9)	2,055
1 to 30 days past due	495	(13)	482
31 to 60 days past due	160	(14)	146
61 to 90 days past due	18	(4)	14
More than 90 days past due	7	(1)	6
Credit impaired	171	(171)	-
	2,915	(212)	2,703
	Gross Amount RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2024			
Current (not past due)	2,512	(165)	2,347
1 to 30 days past due	8	(1)	7
31 to 60 days past due	13	(3)	10
61 to 90 days past due	7	(2)	5
More than 90 days past due	69	(41)	28
	2,609	(212)	2,397

The movements in the loss allowances in respect of trade receivables is disclosed in Note 9 to the financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties (Non-trade balances)

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000
2021					
<u>Non-derivative Financial Liabilities</u>					
Trade payables	–	168	168	168	-
Other payables and accruals	–	2,171	2,171	2,171	-
Lease liabilities	3.42 – 4.09	4,547	5,150	739	4,411
		6,886	7,489	3,078	4,411

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 years RM'000
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	–	702	702	702	-	-
Other payables and accruals	–	3,024	3,024	3,024	-	-
Lease liabilities	4.09 – 6.25	22,760	25,582	4,482	19,505	1,595
Hire purchase payables	4.02 – 6.32	284	325	64	228	33
		26,770	29,633	8,272	19,733	1,628

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 years RM'000
2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	–	1,890	1,890	1,890	-	-
Other payables and accruals	–	6,648	6,648	6,648	-	-
Lease liabilities	3.42 – 5.46	57,524	65,707	12,375	48,788	4,544
Hire purchase payables	4.02 – 6.75	983	1,109	257	838	14
		67,045	75,354	21,170	49,626	4,558

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000	Over 5 years RM'000
2024						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	–	5,742	5,742	5,742	-	-
Other payables and accruals	–	31,804	31,804	31,804	-	-
Lease liabilities	3.42 – 5.48	71,997	77,872	17,104	58,540	2,228
Hire purchase payables	3.32 – 6.75	2,469	2,801	666	2,057	78
		112,012	118,219	55,316	60,597	2,306

12. ACCOUNTANTS' REPORT (Cont'd)

**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)**

29. FINANCIAL INSTRUMENTS (CONT'D)

29.2 CAPITAL RISK MANAGEMENT

The Group manages its capital based on gearing ratio. As the Group has insignificant bank borrowings, the gearing ratio may not provide a meaningful indicator of the risk of borrowings.

29.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Amortised Cost</u>				
Trade receivables (Note 9)	41	378	2,703	2,397
Other receivables (Note 10)	150	1,571	253	159
Fixed deposit with a licensed bank	-	-	450	468
Cash and bank balances	1,243	13,255	24,799	58,958
	1,434	15,204	28,205	61,982

	At 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Financial liabilities				
Trade payables (Note 16)	168	702	1,890	5,742
Other payables and accruals (Note 17)	2,171	3,024	6,648	31,804
Lease liabilities (Note 13)	4,547	22,760	57,524	71,997
Hire purchase payables (Note 14)	-	284	983	2,469
	6,886	26,770	67,045	112,012

29.4 GAIN OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	FYE 30 September			
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Financial assets				
<u>Amortised cost financial assets</u>				
Net (losses)/gains recognised in profit or loss	-	-	(93)	922
Financial liabilities				
<u>Amortised cost financial liabilities</u>				
Net losses recognised in profit or loss	(1)	(8)	(44)	(78)

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****29. FINANCIAL INSTRUMENTS (CONT'D)**

29.5 FAIR VALUE INFORMATION

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
2022					
<u>Financial Liabilities</u>					
Hire purchase payables	-	301	-	301	284
2023					
<u>Financial Liabilities</u>					
Hire purchase payables	-	1,039	-	1,039	983
2024					
<u>Financial Liabilities</u>					
Hire purchase payables	-	2,697	-	2,697	2,469

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:

	2021	At 30 September		2024
		2022	2023	
Hire purchase payables	-	2.11% to 3.43%	2.49% to 3.58%	2.80% to 3.52%

12. ACCOUNTANTS' REPORT (Cont'd)**ORIENTAL KOPI HOLDINGS BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS (CONT'D)****30. SIGNIFICANT EVENTS OCCURRED DURING THE FINANCIAL YEAR****i. Joint Venture**

On 2 May 2024, OKG entered into a joint venture agreement with Paradise Group Holdings Pte Ltd to establish a joint venture company in Singapore named Paradise Oriental to operate food and beverage outlets under the Group's brand in Singapore. The Group, via its nominated subsidiary Oriental Kopi Global, holds 30% shareholdings in Paradise Oriental, and Paradise Group Holdings Pte Ltd holds 70% shareholdings.

The Group has committed an initial financing contribution of approximately RM2,099,669 to the joint venture company in accordance to the joint venture agreement and the Group has contributed RM1,023,510 as of 30 September 2024.

ii. Acquisition of Subsidiaries

OKG, a wholly-owned subsidiary of Oriental Kopi entered into a conditional shares sale agreement ("SSA") dated 10 May 2024, a supplemental SSA dated 15 May 2024 and a second supplemental SSA dated 30 October 2024 with Oriental Kopi and the shareholders of the below companies to acquire the entire equity interest of the below companies for an aggregate purchase consideration of RM31,796,149.80, which are entirely satisfied by the issuance of 1,581,898,000 new Shares in aggregate at an issue price of RM0.0201 per share to the respective shareholders of the below companies ("Acquisitions"). The details of the Acquisitions are set out below:-

Companies	Total interests acquired (%)	Purchase consideration (RM)	No. of Oriental Kopi Shares issued
Oriental Coffee BKT	100.00	369,598.80	18,388,000
Oriental Coffee CS	100.00	551,885.70	27,457,000
Oriental Coffee Gateway	100.00	758,594.10	37,741,000
Oriental Coffee International	100.00	4,756,685.10	236,651,000
Oriental Coffee KL	100.00	2,542,489.20	126,492,000
Oriental Coffee Puchong	100.00	4,494,299.70	223,597,000
Oriental Coffee SK	100.00	4,183,091.40	208,114,000
Oriental Coffee SP	100.00	2,267,481.00	112,810,000
Oriental Coffee Suria	100.00	80.40	4,000
Oriental Coffee TC	100.00	1,270,480.80	63,208,000
Oriental Coffee TRZ	100.00	80.40	4,000
Oriental Elite International	100.00	2,897,495.40	144,154,000
Oriental Sun International	100.00	3,742,499.40	186,194,000
Oriental Sun PBJ	100.00	3,961,388.40	197,084,000
Total		31,796,149.80	1,581,898,000

The Acquisitions were completed on 22 November 2024.

12. ACCOUNTANTS' REPORT (Cont'd)


ORIENTAL KOPI HOLDINGS BERHAD

STATEMENT BY DIRECTORS

We, Dato' Chan Jian Chern and Chan Yen Min, being two of the directors of Oriental Kopi Holdings Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 5 to 64 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and Prospectus Guidelines so as to give a true and fair view of the financial position of Oriental Kopi Holdings Berhad as at 30 September 2021, 2022, 2023 and 2024 and of their financial performance and cash flows for the financial years then ended.

Signed in accordance with a resolution of the directors dated **10 DEC 2024**

On behalf of the Board,


Dato' Chan Jian Chern


Chan Yen Min

13. ADDITIONAL INFORMATION

13.1 EXTRACT OF OUR CONSTITUTION

The following provisions are extracted from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires:

(i) Remuneration, voting and borrowing powers of Directors**Clause 96 – Directors' remuneration**

Subject to the Act and the Listing Requirements, the fees of the Directors and any benefits payable to the Directors shall from time to time be determined by way of an ordinary resolution of the Company in a general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:

- (i) salaries, benefits and other emoluments payable to executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in a general meeting but such salaries may not include a commission on or percentage of turnover;
- (ii) fees payable to non-executive Directors shall be a fixed sum and not by way of a commission on or percentage of profits or turnover; and
- (iii) any fee paid to an Alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Clause 97 – Reimbursement of expenses

- (a) The Directors shall be entitled to be reimbursed for all travelling or expenses as may be incurred in attending meetings of the Directors 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. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director; and
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions 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 either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for any director's fees payable to him from time to time.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 123 – Remuneration of chief executive, executive Director, managing Director**

The remuneration of the chief executive, executive Director, managing Director or any person holding an equivalent position, shall, from time to time 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 such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive a pension, gratuity or other benefits upon their retirement.

Clause 75 – Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Clause 101 – Directors' borrowing powers

- (a) Subject to the Act and the Listing Requirements, the Directors may exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any related party (as defined in Section 7 of the Act):
- (i) borrow money;
 - (ii) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
 - (iii) issue debentures and other securities whether outright or as security;
 - (iv) lend and advance money or give credit to any person or company;
 - (v) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company; and/or
 - (vi) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company; and otherwise to assist any person or of any related party (as defined in Section 7 of the Act).
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

Clause 115 – Votes by majority and chairman of the meeting to have a casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote, except where at the meeting only two (2) Directors form a quorum, the chairman of the meeting at which only such a quorum is present, or only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 118 – Restriction on voting**

Subject to 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.

Clause 119 – Power to vote

A Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (ii) 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.

(ii) Changes to share capital**Clause 54 – Power to increase capital**

The Company in a general meeting may from time to time, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital, voting or otherwise as the general meeting resolving upon such increase may direct.

Clause 55 – Issue of new shares

In accordance with the Listing Requirements, subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Security which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or Securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.

For the avoidance of doubt, where the approval of Members is obtained in a general meeting for any issuance of shares or convertible securities, including approvals obtained for implementation of a scheme that involves a new issuance of shares or other convertible securities to employees of the Company and its subsidiaries and approval obtained under Sections 75 and 76 of the Act, such approval shall be deemed to be a direction to the contrary given in general meeting which will render the pre-emptive rights above inapplicable.

13. ADDITIONAL INFORMATION (Cont'd)

In any case and in respect of any issuance of shares or convertible securities, the pre-emptive rights of Members are strictly as contained in the Constitution and accordingly, the provisions of Section 85 of the Act in respect of pre-emptive rights to new shares, shall not apply and the Company is not required to offer new shares or convertible securities in proportion to the shareholdings of the existing Members.

Clause 57 – Power to alter capital

Subject to the provisions of this Constitution and the Act, the Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (ii) convert all or any of its paid-up shares into stock and reconvert that stock into fully-paid shares; or
- (iii) subdivide its shares or any of its shares, such that whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.

Clause 58 – Power to reduce capital

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.

(iii) Transfer of securities**Clause 29 – Transfer in writing**

Subject to this Constitution, the Central Depositories Act and the Rules, any Member may transfer all or any of his Securities (except those Deposited Securities which are for the time being designated as securities in suspense) by an instrument in writing in the form prescribed and approved by the Exchange upon which the Company is listed on the Exchange. The instrument shall have been executed by or on behalf of the transferor and the transferee, and the transferor shall remain the holder of the Securities transferred until the transfer is registered and the name of the transferee is entered in the Record of Depositors.

Clause 30 – Transfers of Securities

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such Deposited Securities.

Clause 31 – No restriction on the transfer of fully paid Securities

Subject to this Constitution, the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 32 (a) – Refusal to register**

The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and/or the Rules.

(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**Clause 6 – Allotment of shares**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or grant rights to subscribe for or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred and/or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:

- (i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same has been expressed in this Constitution and in the resolution creating the same;
- (ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;
- (iii) no Director shall participate in a scheme that involves a new issuance of shares or options unless the Members in a general meeting have approved the specific allotment to be made to such Director; and
- (iv) except in the case of an issue of Securities on a pro-rata basis to all Members, or pursuant to a back-to-back placement or a Dividend Reinvestment Scheme undertaken in compliance with the Listing Requirements, there shall be no issuance and allotment of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in a general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive", "person connected with any Director, major shareholder or chief executive" and "Dividend Reinvestment Scheme" shall have the meaning ascribed thereto in the Listing Requirements.

Clause 7 – Rights of preference shareholders

Subject to the Act and the Listing Requirements, 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 shall not unless with the consent of the existing preference shareholders at a class of meeting issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have:

- (i) the same rights as ordinary shareholders as regards receiving notices, reports and audited accounts and attending general meetings of the Company; and

13. ADDITIONAL INFORMATION (Cont'd)

- (ii) the right to vote at any meeting convened for the purpose of reducing the capital of the Company or on a proposal to wind up or during the winding up of the Company, or sanctioning a sale of the whole of the Company's undertaking, property or business, or where any resolution to be submitted to the meeting directly affects their rights and privileges, or when the dividend on the preference shares or part of the dividend is in arrears for more than six (6) months.

Clause 9 – Variation of class rights

Subject to Section 91 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 with:

- (i) the consent in writing of the holders of not less than seventy-five per centum (75%) of the total voting rights of the Members in that class; or
- (ii) 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, but so that the necessary quorum shall be at least two (2) persons holding at least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, the quorum is one (1) person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 10 – Ranking of class rights

The rights conferred upon the holders of any shares or class of shares issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of such shares, as regards participation in the profits or assets of the Company in some or in all respect be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

Clause 40 – Person entitled may receive dividends etc

Where the registered holder of any share dies or becomes bankrupt, his personal representative or the assignee of his estate, as the case may be, shall, upon the production of such evidence as may from time to time be properly required by the Directors in that behalf, be entitled to receive and may give a discharge for all dividends and other moneys payable in respect of the shares as the registered holder would have been entitled to if he had not died or become bankrupt, but he shall not be entitled to receive notice of or to attend or vote at any meeting, or, save as aforesaid, to exercise any of the rights and privileges of a Member, unless and until he shall have become a Member in respect of the shares.

Clause 52 – Rights of stock holders

The holders of stock shall, according to the amount of the stock held by them have the same rights, privileges and advantages with regards to dividends, participation in assets on a winding up, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, so that none of such rights, privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of the stock which would not if existing in shares, have conferred such rights, privileges or advantages.

13. ADDITIONAL INFORMATION (Cont'd)**Clause 144 – Payments of dividends**

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share in advance of call shall be treated for the purposes of this Constitution as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

13.2 SHARE CAPITAL

- (i) No Shares will be allotted, issued or offered on the basis of this Prospectus later than six (6) months after the date of the issue of this Prospectus.
- (ii) There is no founder, management or deferred shares in our Company. As at the date of this Prospectus, we only have one (1) class of shares, namely ordinary shares, all of which rank equally with one (1) another. There are no special rights attached to our Shares.
- (iii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (iv) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation.
- (v) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation.
- (vi) Save as disclosed in Section 4.1 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, for the Financial Years Under Review and up to the LPD.
- (vii) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

There are no limitations imposed by law or by the constituent documents of our Company on the right to own securities, including limitation on the right of non-resident or foreign shareholders to hold or exercise voting rights on our Shares.

13.4 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year and up to the LPD:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by us in respect of other company's shares.

13. ADDITIONAL INFORMATION (Cont'd)

13.5 REPATRIATION OF CAPITAL**13.5.1 Singapore**

Since 1 January 2003, Singapore has adopted a one-tier corporate tax system. The tax paid by a company on its chargeable income is a final tax and all dividends paid by a company are exempted from further Singaporean taxation in relation to the shareholder. Singapore does not impose withholding tax on dividends as well. Further, Singapore does not tax capital gains.

As at the LPD, there are no Singaporean governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and the remittance of profits by our foreign subsidiary, Oriental Kopi Global, to our Company so long as our Company is not a shareholder who is subject to any financial sanctions or other restrictions imposed by the Monetary Authority of Singapore or other regulatory authorities of Singapore.

13.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

13.7 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (i) the SSA in relation to the Acquisitions. Please refer to Section 4.1.1 of this Prospectus for further details;
- (ii) a joint venture cum shareholders' agreement between Oriental Coffee International and YKGI Ventures Pte Ltd dated 15 August 2023 in relation to establishment and operation of a joint venture company incorporated in Singapore principally engaged in the business of retail food and beverage outlets under the trade name of "Oriental Kopi" in the territory of Singapore. A joint venture company Oriental Kopi (Singapore) Pte Ltd was incorporated on 15 August 2023 with Oriental Coffee International holding 3,000 ordinary shares (representing 30% shareholdings) and the remaining 7,000 ordinary shares (representing 70% shareholdings) being held by YKGI Ventures Pte Ltd.

This joint venture cum shareholders' agreement was mutually terminated on 26 January 2024 pursuant to a deed of termination dated 26 January 2024 ("**Deed of Termination**"). Pursuant to the Deed of Termination, Oriental Coffee International had among others transferred its entire shareholdings in Oriental Kopi (Singapore) Pte Ltd to YKGI Ventures Pte Ltd, caused its representatives on the board of Oriental Kopi (Singapore) Pte Ltd to resign, resulting in the joint venture company being wholly owned and managed by YKGI Ventures Pte Ltd. It is also a term of the Deed of Termination that YKGI Ventures Pte Ltd shall change the name of the joint venture company and this has been completed as at the LPD;

13. ADDITIONAL INFORMATION (Cont'd)

- (iii) a joint venture agreement dated 2 May 2024 between OKG and Paradise Group to establish a joint venture company in Singapore named Paradise Oriental to operate F&B outlets under our Group's brand in Singapore. On 30 July 2024, Paradise Group, OKG and Oriental Kopi Global entered into a novation agreement in relation to the joint venture agreement, where it was agreed that OKG will novate its rights, obligations and liabilities under the joint venture agreement to Oriental Kopi Global. As at the LPD, our Group, via our nominated subsidiary Oriental Kopi Global holds 30% shareholdings in Paradise Oriental, and Paradise Group holds the remaining 70.00% shareholdings. Please refer to Section 6.18.2.1 for further details; and
- (iv) the Underwriting Agreement. Please refer to Section 4.6 of this Prospectus for further details.

13.8 CONSENTS

- (i) The written consents of our Principal Adviser, Sole Underwriter and Placement Agent, Solicitors to our Company, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of our Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position as at 30 September 2024 and all references thereto 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 subsequently been withdrawn.
- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name and IMR Report and all references thereto 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 subsequently been withdrawn.

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13. ADDITIONAL INFORMATION (Cont'd)

13.9 ADDITIONAL DISCLOSURES

The following are 2 past legal proceedings involving Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng outside our Group which have since been resolved:

- (i) In the first suit ("**Suit 1**"), the claimants ("**Plaintiffs 1**") and a company outside our Group which Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng were shareholders and directors of ("**Defendant**") had entered into respective agreements, under which the Plaintiffs were granted permission to utilise the certain brand names ("**Brand**") for operating their beverage product business. Legal proceedings were commenced as a writ action on 5 May 2023 by the Plaintiffs against the Defendant ("**Original Suit**") seeking, a declaration that the respective agreements entered into with the Defendant should be read as franchise agreements under the Franchise Act 1998 and as such the respective agreements and the guarantees given under the agreements were invalid, null and void as they were executed without compliance with the requisite procedures mandated for establishing such a business operation. The Plaintiffs further sought restitution for the return of all monies and interest paid under the respective agreements and/or compensation of loss arising from the operational losses suffered by the Plaintiffs, including the costs associated with establishing their respective operations. Consequent thereto, a counterclaim was filed by the Defendant against the directors of the Plaintiffs as guarantors for recovery of monies owing to the Defendant by the Plaintiffs. Additionally, the Defendant sought to recover the revenue generated by the Plaintiffs through the use of the Defendant's Brand and resources, as a counterclaim against the restitutionary demands made by the Plaintiffs under the Original Suit ("**Counterclaim to the Original Suit**"). In response to the Defendant's counterclaim, the Plaintiffs' directors filed a subsequent counterclaim against the Defendant, and Dato' Chan Jian Chern, Chan Yen Min, and Koay Song Leng (the "**Named Individuals**"), who were the then directors and shareholders of the Defendant. This subsequent counterclaim involved allegations of conspiracy to deceive and induce the Plaintiffs to enter into the respective agreements and alleged that there were misrepresentations concerning the ownership of the Defendant's Brand and the nature of the Defendant's business, and that the signatures of the Plaintiffs' directors on the guarantees were forged by the Named Individuals. The relief pursued in this counterclaim was identical to, that which was sought in the Original Suit but was now being advanced by the Plaintiff's directors in their individual capacities ("**Plaintiffs' Directors Counterclaim to the Counterclaim to the Original Suit**").
- (ii) In the second suit ("**Suit 2**") the claimant ("**Plaintiff 2**") and the Defendant had entered into similar agreements as the agreements in Suit 1. Similar legal proceedings as Suit 1 were commenced as a writ action on 8 May 2023 by Plaintiff 2 against the Defendant ("**Original Suit 2**"). Consequent thereto, a similar counterclaim was filed by the Defendant against the director of Plaintiff 2 as guarantor ("**Counterclaim to the Original Suit 2**"). In response to the Defendant's counterclaim, Plaintiff 2's director filed a similar subsequent counterclaim against the Defendant, and the Named Individuals ("**Plaintiff's Director's Counterclaim to the Counterclaim to the Original Suit 2**").

Around 13 December 2023, a mediation proceeding was initiated by the solicitors acting for the Plaintiffs 1 and Plaintiff 2, requesting that the particulars of a mediation notice be provided for processing by the Court Mediation Centre, with the aim of resolving Suit 1 and Suit 2 amicably. However, the mediation process did not result in a resolution.

In the event that Suit 1 and Suit 2 had proceeded in Court, the solicitors acting for the Defendant and the Named Individuals are of the view that there is a high probability that the Named Individuals will successfully resist the Plaintiffs' Directors Counterclaim to the Counterclaim to the Original Suit and Plaintiffs' Directors Counterclaim to the Counterclaim to the Original Suit.

13. ADDITIONAL INFORMATION (Cont'd)Status as at LPD

Pursuant to negotiations, and notwithstanding that there was a high probability of success, after careful deliberation and taking into consideration the potential time and time costs to be incurred, the Defendant and the Named Individuals had decided to resolve both suits amicably with the Plaintiffs and their directors and settled all the claims out of court without any admission as to liability. Pursuant to Notices of Discontinuances filed on 26 April 2024 and 9 May 2024, all the claims under both suits have been discontinued with no liberty to file afresh by any of the parties. As such, as at the LPD, there are no legal proceedings pending or made against the Named Individuals, namely, Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng.

Impact on Our Group

Both suits had no impact on the business operations or financial condition of our Group as both suits were not legal actions taken against our Group. As these legal proceedings have been settled and discontinued by all parties to the proceedings with no liberty to file afresh, there will also be no material impact on Dato' Chan Jian Chern, Chan Yen Min and Koay Song Leng. Further, Dato' Chan Jian Chern and Koay Song Leng were no longer shareholders or directors of the Defendant since 29 September 2023 and 14 September 2021 respectively, and Chan Yen Min was no longer shareholder or director of the Defendant since 29 September 2023.

13.10 RESPONSIBILITY STATEMENTS

- (i) This Prospectus has been seen and approved by our Directors and Promoters. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.
- (ii) AIS as the Principal Adviser, Sponsor, Sole Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.

13.11 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report referred to in Section 7 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Pro Forma Combined Statements of Financial Position of our Group as at 30 September 2024 referred to in Section 11.9 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the material contracts referred to in Section 13.7 of this Prospectus;
- (vi) the letters of consent referred to in Section 13.8 of this Prospectus; and
- (vii) the audited financial statements of our Company and the Subsidiaries for the FYE/FPE 2021, 2022, 2023, 2024 (as may be applicable).

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT 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.

14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD : 10.00 A.M., 6 January 2025

CLOSING OF THE APPLICATION PERIOD : 5.00 P.M., 10 January 2025

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia, and make an announcement on Bursa Securities' website.

Late Applications will not be accepted.

14.2 METHODS OF APPLICATIONS

14.2.1 Application for Our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

Types of Application and category of investors	Application method
Applications by the Malaysian Public:	
(a) Individuals	WHITE Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	WHITE Application Form only
Applications by the Eligible Persons	PINK Application Form only

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.2.2 Application by Bumiputera selected investors and selected investors via private placement**

Types of Application	Application method
Applications by:	
(a) Bumiputera Investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.
(b) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.

Bumiputera investors and selected investors may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

14.3 ELIGIBILITY**14.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party** CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

14.3.2 Applications by Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one (1) of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

14.3.3 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 document and where relevant, in this Prospectus.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, AIS, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.44 for each IPO Share.

Payment must be made out in favour of “**TIIH SHARE ISSUE ACCOUNT NO.792**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unite 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at 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 10 January 2025 or by such other time and date specified in any change to the date and time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to our Issuing House.

14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only **Malaysian individuals** may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only **Malaysian individuals** may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions or Participating Securities Firms, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, Public Bank Berhad, CGS International Securities Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities 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.

14.7 AUTHORITY OF OUR BOARD AND ISSUING HOUSE

The Issuing House on the authority of our Board reserves the right to:

- (i) reject Applications which:
- (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 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 our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

14.8 OVER/UNDER SUBSCRIPTION

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within one (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 or any share of revenue or benefits arising therefrom) and if such monies are not returned in full within 14 days after our Company becomes liable to do so, the provision of Section 243(2) of the CMSA shall apply accordingly.

In the event of an under-subscription of our IPO Shares, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1.2 of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement.

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14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**14.9 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.

14.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

14.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the fifth (5th) Market Day from the balloting date.

14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions or 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 Institutions or Internet Participating Financial Institutions or Participating Securities Firms will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms will credit the application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from our Issuing House.

14.10 SUCCESSFUL APPLICANTS

If you are successful in your Application:

- (i) our IPO Shares allotted to you will be credited into your CDS account.
- (ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our 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 Rules.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Issue 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.

14.11 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 telephone no. +60 3 2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution, Participating Securities Firms or Authorised Financial Institution

The results of the allocation of IPO Shares derived from successful balloting will be made available to the public at the Issuing House website at <https://tiih.online>, one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as 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.