

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
14.	Income Tax Act 1967 of Malaysia (" ITA 1967 "), and Income Tax (Deduction from Remuneration) Rules 1994 (" ITR 1994 ") made pursuant thereto	<p>The laws governing monthly tax deductions from remuneration of employees by employers are as follows:</p> <p>The relevant provisions of Section 107C(10) provide –</p> <p>“(1) <i>Every company, trust body or co-operative society shall for each year of assessment furnish to the Director General an estimate of its tax payable.</i></p> <p>(2) <i>Except as provided in paragraph (4)(a), the estimate of tax payable for a year of assessment shall be made in the prescribed form and furnished to the Director General not later than 30 days before the beginning of the basis period for that year of assessment.</i></p> <p>(3) <i>The estimate of tax payable for a year of assessment shall not be less than 85% of the revised estimate of tax payable for the immediately preceding year of assessment or if no revised estimate is furnished, shall not be less than 85% of the estimate of tax payable for the immediately preceding year of assessment.</i></p> <p>(10) <i>Where the tax payable under an assessment for a year of assessment exceeds the revised estimate of tax payable for that year of assessment or if no revised estimate is furnished, the estimate of tax payable for that year of assessment, by an amount of more than 30% of the tax payable under the assessment, then, without any further notice being served, the difference between that amount and 30% of the tax payable under the assessment shall be increased by a sum equal to 10% of the amount of that difference, and that sum shall be recoverable as if it were tax due and payable under this Act.”</i></p> <p>Rule 3 provides –</p> <p>“<i>Every employer shall deduct in each month or the relevant month the monthly deduction in accordance with the Schedule in respect of income on account of tax from the remuneration of each of his employees, unless the Director General directs otherwise in writing.</i>”</p>	<p>Complied. ⁽¹⁾</p> <p>Note:</p> <p>(1) <i>There were instances of past non-compliances, which have since been resolved. Please refer to the full details set out in Section 7.24 of this Prospectus.</i></p>

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No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>Rule 4 provides – <i>“Notwithstanding rule 3, the Director General may issue a direction to any employer requiring him to deduct from the remuneration of any employee chargeable to tax such sums in respect thereof as he may specify, and the employer shall on receipt of the direction make the deduction specified.”</i></p> <p>Rule 10(1) provides – <i>“Every employer shall pay to the Director General, not later than the 15th day of every calendar month, the total amount of tax deducted or that should have been deducted by him from the remuneration of employees during the preceding calendar month, and shall render to the Director General a return setting out the names, identity card numbers or if none, passport numbers, and tax references numbers of those employees from whose remuneration he has or should have made deductions under rule 3 or rule 4.”</i></p> <p>Rule 17 provides – <i>“Any person, who without reasonable excuse, fails to comply with subrule 10(1) or rule 13 shall be guilty of an offence and shall on conviction, be liable to a fine not less than two hundred ringgit and not more than twenty thousand ringgit or to imprisonment for a term not exceeding six months or to both.”</i></p>	
15.	Factories and Machinery Act 1967 of Malaysia (“ FMA 1967 ”), and Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970 made pursuant thereto ⁽¹⁾	<p>The relevant provisions governing the registration and inspection of machinery and for matters connected therewith are as follows:</p> <p>Section 3 provides the definitions for the following –</p> <p><i>“certificate of fitness” means “a certificate granted under this Act certifying that the machinery described therein has been inspected, and at the time of the inspection has satisfied the requirements of this Act and that it may be worked or operated”</i></p> <p><i>“hoisting machine” means “any equipment for lifting, raising or lowering load such as a lift, escalator, hoist, crane, winch,</i></p>	<p>Complied.</p> <p>SCS has obtained the certificate of fitness from the Department of Occupational Safety and Health, Kuching for the lift located at the office building at Lot 842, Block 7 Muara Tebas Land District. Prior to the installation of the lift at the office building, the lift has gone through an initial inspection and issued with a valid certificate of fitness. Subsequently, the lift has gone through two (2) periodic inspections, for issuance of new certificate of fitness to the lift.</p>

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No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>dragline, piling machine, aerial cableway, funicular railway, access platform, dumbwaiter, vertical conveyor lifter and mechanical loading ramp, and includes transporter, walkalator and other similar equipment, but does not include manual hoist and materials handling equipment”</i></p> <p><i>“lift” means “an appliance designed to transport passengers or goods or both between two or more levels in a vertical direction by means of a guided lift car or platform in which the motion of the lift car or platform is obtained through an electric motor coupled to the lifting element, and includes the machinery, suspension ropes, hydraulic rams, supports and enclosures required in connection therewith, and includes electric or hydraulic lifts and paternoster or continuous lift, but does not include mine cages as used in underground mines”</i></p> <p><i>“machinery” includes “steam boilers, unfired pressure vessels, fired pressure vessel, pipelines, prime movers, gas cylinders, gas holders, hoisting machines and tackle, transmission machinery, driven machinery, materials handling equipment, amusement device or any other similar machinery and any equipment for the casting, cutting, welding or electro-deposition of materials and for the spraying by means of compressed gas or air of materials or other materials, but does not include-</i></p> <ul style="list-style-type: none"> <i>(a) any machinery used for the propulsion of vehicles other than steam boilers or steam engines;</i> <i>(b) any machinery driven by manual power other than hoisting machines;</i> <i>(c) any machinery used solely for private and domestic purposes; or</i> <i>(d) office machines”</i> <p><i>Section 19(1) –</i> <i>“No person shall operate or cause or permit to be operated any machinery in respect of which a certificate of fitness is prescribed, unless there is in force in relation to the operation of the machinery a valid certificate of fitness issued under this Act.”</i></p>	<p>The details of the certificate of fitness of a valid and subsisting period are set out in No. 49 of Section 7.21.1 of this Prospectus. ⁽²⁾</p> <p>Notes:</p> <p>(1) <i>The FMA 1967 has been repealed by the Factories and Machinery (Repeal) Act 2022 with effect from 1 June 2024. Pursuant to the repeal, any registration made or order, notice, direction, written authority, approval, certificate of fitness, special scheme of inspection or certificate of competency given or issued, under the repealed FMA 1967 shall now be dealt with under the Occupational Safety and Health (Amendment) Act 2022 (“OSHA 2022”) and the subsidiary legislations, which came into operation on 1 June 2024.</i></p> <p>(2) <i>Notwithstanding the repeal of FMA 1967, this certificate of fitness shall remain valid until the date of its expiry and thereafter, the issuance of a new certificate of fitness shall be dealt with under OSHA 1994 as amended by OSHA 2022.</i></p>

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No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>Section 19(2) – <i>“In the case of any contravention of subsection (1) an Inspector shall forthwith serve upon the person aforesaid a notice in writing prohibiting the operation of the machinery or may render the machinery inoperative until such time as a valid certificate of fitness is issued.”</i></p> <p>Section 19(3) – <i>“Certificates of fitness issued under this Act shall be in the forms respectively prescribed, and shall be valid subject to this Act, for such period as may be prescribed.”</i></p> <p>Section 19(6) – <i>“Any person who contravenes subsection (1) shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding one hundred and fifty thousand ringgit or to imprisonment for a term not exceeding three years or to both.”</i></p> <p>Regulation 10 provides the type of machinery requiring a certificate of fitness under the FMA 1967: <i>“(1) The owner of every steam boiler, unfired pressure vessel or hoisting machine other than a hoisting machine driven by manual power shall hold a valid certificate of fitness in respect thereof so long as such machinery remains in service.</i> <i>(2) A certificate of fitness for every steam boiler, unfired pressure vessel and hoisting machine shall be as Forms A, B and C in the Sixth Schedule to these regulations.</i> <i>(3) The period of validity of every certificate of fitness shall ordinarily be fifteen calendar months from the date of inspection or such longer period not exceeding three years as the Chief Inspector in his discretion may consider appropriate:</i> <i>Provided where any steam boiler, unfired pressure vessel or hoisting machine is out of service for a long period immediately subsequent to an inspection by reason of dismantling or repair of any defect the Inspector may issue a certificate effective from the date when such machinery is replaced in service.”</i></p>	

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>Regulation 13 – <i>“An initial inspection of every factory or machinery shall be conducted by an Inspector.”</i></p> <p>Regulation 14 – <i>“(1) After an initial inspection every factory and every machinery shall be inspected at regular intervals by an Inspector so long as such factory remains in operation or such machinery remains in use.</i> <i>(2) The regular interval shall ordinarily be fifteen months subject to such extension not exceeding thirty-six months in any particular case as may be authorised by the Chief Inspector in his discretion, and the regular inspection shall ordinarily be carried out during the fifteen months following the month in which the last inspection was made or where the interval has been extended by the Chief Inspector during the month following the expiry of the extended interval.”</i></p> <p>Regulation 31 – <i>“Any person who commits an offence against these regulations for which no corresponding penalty is provided by the Act shall be liable to a fine not exceeding one thousand dollars.”</i></p>	
16.	Occupational Safety and Health Act 1994 (“ OSHA 1994 ”) ⁽¹⁾	<p>The relevant provisions governing the safety and health and welfare of persons at the work, for protecting others against risks to safety or health in connection with the activities of persons at work, are as follows:</p> <p>Section 1(2) of OSHA 1994 – <i>“Subject to subsection (3), this Act (OSHA 1994) shall apply throughout Malaysia to the industries specified in the First Schedule.”</i></p> <p>Section 2 defines “industry” to mean “<i>public services, statutory authorities or any of the economic activities listed in the First Schedule.</i>”</p>	<p>Complied.</p> <p>Each of our subsidiaries under the Group has a safety and health manual for employees ⁽²⁾.</p> <p>Notes:</p> <p>(1) OSHA 1994 has been amended pursuant to the coming into operation of OSHA 2022 on 1 June 2024. Pursuant to OSHA 2022, the scope and applicability of OSHA 1994 are extended to all places of work throughout Malaysia.</p> <p>(2) In light of the amendments made to OSHA 1994, our Group has engaged a consultant to review the safety and health manual to ensure that the standard operating occupational safety and health manual</p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p>First Schedule of OSHA 1994 sets out the following industries for which the OSHA 1994 shall apply:</p> <ol style="list-style-type: none"> 1. Manufacturing 2. Mining and Quarrying 3. Construction 4. Agriculture, Forestry and Fishing 5. Utilities: <ol style="list-style-type: none"> (a) Electricity; (b) Gas; (c) Water; and (d) Sanitary Services 6. Transport, Storage and Communication 7. Wholesale and Retail Trades 8. Hotels and Restaurants 9. Finance, Insurance, Real Estate and Business Services 10. Public Services and Statutory Authorities <p>Section 15 provides:</p> <p>“(1) <i>It shall be the duty of every employer and every self-employed person to ensure, so far as is practicable, the safety, health and welfare at work of all his employees.</i></p> <p>(2) <i>Without prejudice to the generality of subsection (1), the matters to which the duty extends include in particular -</i></p> <ol style="list-style-type: none"> (a) <i>the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;</i> (b) <i>the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;</i> (c) <i>the provision of such information, instruction training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of his employees;</i> (d) <i>so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means</i> 	<p><i>align with OSHA 2022. In addition to having such safety and health manual for our employees, our Group has, set up a safety and health committee chaired by Terence Lim Tze Yung and appointed four (4) safety and health coordinators to coordinate and oversee occupational safety and health issues at the work premises within our Group.</i></p>

7. BUSINESS OVERVIEW (CONT'D)

No.	Laws / Regulations	Relevant provisions	Status of compliance
		<p><i>of access to and egress from it that are safe and without such risks;</i></p> <p><i>(e) the provision and maintenance of a working environment for his employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work.</i></p> <p>Section 16 – <i>“Except in such cases as may be prescribed, it shall be the duty of every employer and every self-employed person to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all of his employees.”</i></p> <p>Section 19 – <i>“A person who contravenes the provisions of section 15, 16, 17 or 18 shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding fifty thousand ringgit or to imprisonment for a term not exceeding two years or to both.”</i></p>	

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7. BUSINESS OVERVIEW (CONT'D)

7.21 MAJOR APPROVALS, LICENCES AND PERMITS

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

7.21.1 Trading licences, business licences and Halal certificates

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

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
1.	SCRB / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCRB for investment holding	26.06.2024 / 07.07.2025	<p>If any installment payment that is due is not paid:</p> <p>(a) on the 16th day of the following month, an additional payment equal to the installment payment will be imposed.</p> <p>(b) at the end of the next month, an additional payment twice the amount of the installment payment will be imposed.</p> <p>If an offense under Section 3 of Businesses, Professions and Trades Licensing Ordinance 1958 of Sarawak committed as a result of the installment payment not being paid within one month from the end date of the payment period, the Collector may, with the consent of the former Licensee, compound it with a payment not exceeding one hundred ringgit.</p>	Complied
2.	SCS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCS for distributor of import frozen foods	16.04.2024 / 30.04.2025	Same conditions as stated in item No. 1 above.	Complied
3.	SCS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SCS for cold storage	26.07.2024 / 11.07.2025	Same conditions as stated in item No. 1 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
4.	SFS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SFS for import and export, wholesale, process and resell, provide storage, distributor of daily products, foodstuff, beverages, products of all kind in commodities and cold storage products	16.04.2024 / 25.04.2025	Same conditions as stated in item No. 1 above.	Complied
5.	SFS / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to SFS for transportation	26.06.2024 / 09.07.2025	Same conditions as stated in item No. 1 above.	Complied
6.	Supreme Trading / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to Supreme Trading for wholesale of cleaning material	31.07.2024 / 07.08.2025	Same conditions as stated in item No. 1 above.	Complied
7.	STSB / Collector of Business Licence (Pemungut Lesen Perdagangan, Kuching, Sarawak)	Trading licence issued to STSB for logistics and transportation of goods	10.09.2024 / 19.09.2025	Same conditions as stated in item No. 1 above.	Complied
8.	BFL / Collector of Business Licence (Pemungut Lesen Perdagangan, Miri, Sarawak)	Trading licence issued to BFL for cold storage ⁽⁴⁾	13.08.2024 / 17.08.2025	Same conditions as stated in item No. 1 above.	Complied
9.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication Halal Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 099-09/2014 Series no. A200824	01.07.2023 / 30.06.2025	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. SCS is required to comply with all the standards required throughout the tenure of the certificate, failing which, the certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
10.	SCS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM: 700-2/3/1 099-09/2014 Series no. A200825</p> <p>Certification that:-</p> <ol style="list-style-type: none"> 11. Beef Lung Sliced/Cube/Shabu Shabu 12. Beef neck bone sliced/cube/shabu shabu 13. Beef Rib Eye/Cube Roll Sliced/Cube/Shabu-Shabu 14. Beef Ribs Sliced/Cube/Shabu/Shabu 15. Beef shin/shank sliced/cube/shabu shabu 16. Beef shortloin sliced/cube/shabu-shabu 17. Beef shortrib sliced/cube/shabu-shabu 18. Beef striploin sliced/cube/shabu shabu 19. Beef tail sliced/cube/shabu-shabu 20. Beef tenderloin sliced/cube/shabu shabu 	01.07.2023 / 30.06.2025	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>SCS is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		<p>62. Mutton Hind Shank Sliced/Cube/Shabu Shabu</p> <p>63. Mutton Shoulder Sliced/Cube/Shabu Shabu</p> <p>64. Premium Minced Beef</p> <p>Manufactured / distributed / managed by SCS has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>			
16.	SFS / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM.700-2/3/1 085-10/2020 Series no. A207539</p> <p>Certification that:-</p> <ol style="list-style-type: none"> 1. Blackcurrant Cordial 2. Lime Concentrate 3. Lychee Cordial 4. Mango Concentrate 5. Mango Cordial 6. Orange Cordian 7. Sarsi Cordial 8. Strawberry Cordial <p>Manufactured / distributed / managed by SFS has complied with Islamic Law and Malaysian Halal Standard and approved by</p>	16.10.2023 / 15.10.2025	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>SFS is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
17.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Halal Certification Panel of Majlis Islam Sarawak. Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185444 Certification that:- 1. Beef Brisket 2. Beef Neck Bone 3. Beef Striploin 4. Blade 5. Boneless Lamb Leg 6. Boneless Lamb Rump 7. Boneless Mutton Leg 8. Chilled Beef PS Tomahawk 9. Chilled Beef Ribeye 10. Chilled Beef Striploin Manufactured / distributed / managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.	01.10.2024 / 30.09.2026	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. BFL is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied
18.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185445	01.10.2024 / 30.09.2026	The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products. BFL is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		<p>Certification that:- 11. Chilled Beef Tenderloin 12. Chuck Tender 13. Forequarter Roll 14. FQ Sliced 15. Knuckle 16. Lamb Leg 17. Lamb Rack 18. Lamb Shoulder 19. Mutton Shank 20. Mutton Shoulder</p>			
		<p>Manufactured / distributed / managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>			
19.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia)	<p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A185446</p>	01.10.2024 / 30.09.2026	<p>The serial number and the halal Malaysian logo are to be printed on the packaging label or the packaging of the products.</p> <p>BFL is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied
		<p>Certification that:- 21. Ribeye 22. Rump 23. Short Rib PS 24. Tenderloin 25. Topside 26. Trimming</p>			
		<p>Manufactured / distributed / managed by BFL has complied with Islamic Law and Malaysian Halal</p>			

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
20.	BFL / Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia) ⁽⁵⁾	<p>Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p> <p>Certificate of Authentication HALAL Standard No. MS 1500:2019 Reference No. JAKIM 700-2/3/1 069-12/2015 Series no. A166236</p> <p>Certification that the logistic manufactured / distributed / managed by BFL has complied with Islamic Law and Malaysian Halal Standard and approved by Halal Certification Panel of Majlis Islam Sarawak.</p>	01.10.2024 / 30.09.2026	<p>This certificate is issued to BFL for its logistics at Lot 1248, Block 5, Kuala Baram Land District, Jalan Maigold, Senadin, 98000 Miri, Sarawak.</p> <p>BFL is required to comply with all the standards required throughout the tenure of the Certificate, failing which, the Certificate will be suspended or revoked.</p>	Complied
21.	SCS / State Veterinary Authority Sarawak	Licence issued pursuant to the Veterinary Public Health Ordinance, 1999 issued for the operation of meat processing factory situated at Lot 919 Block 7 Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050, Kuching.	06.12.2023 / 31.12.2024 ⁽¹¹⁾	<p>It is hereby certified that SCS is licensed to operate a meat processing factory situated at Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching subject to the following conditions: -</p> <ul style="list-style-type: none"> (i) Direct discharge of factory waste and untreated effluent into rivers, streams, lakes or area outside the premise are totally prohibited. (ii) No animals such as dogs and cats are allowed in the processing area. Rodents and birds should be kept under control. (iii) There should be adequate refrigeration facilities for storing of meat and meat product at a stipulated temperature. (iv) All equipments used in the preparation of the products must be clean at all time and sanitized in accordance with the 	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
22.	SCS / Ministry of Health Malaysia	MeSTI Certificate issued by Ministry of Health Malaysia hereby certifying that SCS has fulfilled the terms and conditions for certification of MeSTI (Makanan Selamat Tanggungjawab Industri)	19.09.2024 / 18.09.2027 ⁽¹⁰⁾	<p>STANDARD SANITARY OPERATION PROCEDURE.</p> <p>(v) The factory should be operated and managed in accordance with the provision of the Veterinary Public Health Ordinance, 1999.</p> <ol style="list-style-type: none"> 1. The MeSTI Certificate and Logo shall not be transferred nor shall its content be altered. 2. Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality, Ministry of Health Malaysia for further action. Certification will be automatically void should the factory or premise ceased operation. 3. The Certificate holder shall be subjected to inspection, monitoring and enforcement activities conducted by the Ministry of Health Malaysia. 4. The Certificate holder is subjected to the laws and regulations that are currently in force in the country 5. The Certificate holder shall be held responsible for any abuse or manipulation of the Certificate. Any loss or damage of the Certificate shall immediately informed in writing to the Senior Director for Food Safety and Quality, Ministry of Health Malaysia 6. The Certificate remains the property of the Ministry of Health Malaysia. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force. 	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
23.	Lim Ah Ted on behalf of SFS / Ministry of Health Malaysia ⁽⁶⁾	Certificate of Registration for Food Premises granted to Lim Ah Ted who is carrying on business under the name of SFS at Lot 1476, Block 12, Jalan Setia Raja, 93350 Kuching, Sarawak ⁽⁷⁾	14.04.2023 / 14.04.2026	<p>7. The use of the Logo is only allowed for food product that is being produced in the premise as stated in the Certificate.</p> <p>Certificate of registration is hereby granted to Lim Ah Ted carrying on business under the name of SFS at permanent address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak</p> <p>Nature of Business: P1-Food Premises Involved in Manufacturing of Food</p> <p>Place of Business: SFS, Lot 1476, Block 12, Jalan Setia Raja, 93350 Kuching, Sarawak.</p> <p>Note: This certificate of registration for food premises is non-transferable</p> <p>This notice should be displayed in the food premises.</p>	Complied
24.	Lim Ah Ted on behalf of SCS / Ministry of Health Malaysia ⁽⁶⁾	Certificate of Registration for Food Premises granted to Lim Ah Ted who is carrying on business under the name of SCS at Lot 919, Block 7, Muara Tebas Land District Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak ⁽⁷⁾	31.07.2023 / 31.07.2026	<p>Certificate of registration is hereby granted to Lim Ah Ted carrying on business under the name of SCS at permanent address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.</p> <p>Nature of Business: P1-Food Premises Involved in Manufacturing of Food</p> <p>Food premises involved in manufacturing food.</p> <p>Place of Business: Supreme Cold Storage Sdn Bhd, Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak.</p> <p>Note: This certificate of registration for food premises is non-transferable</p>	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status										
25.	SCS / Department of Veterinary Services Sarawak	Importation of frozen Indian buffalo meat from APEDA 23 and APEDA 71 for the year 2024	05.12.2023 / 31.12.2024 ⁽¹²⁾	This notice should be displayed in the food premises. The approval committee for Indian Buffalo Meat Importation has agreed to renew the quota to import frozen Indian buffalo meat as below:	Complied										
				<table border="1"> <thead> <tr> <th data-bbox="1197 495 1365 552">2024 Quota</th> <th data-bbox="1375 495 1522 552">Approved Plant</th> <th data-bbox="1533 495 1701 552">Quota Due Date</th> </tr> </thead> <tbody> <tr> <td data-bbox="1197 552 1365 609">188 per year</td> <td data-bbox="1375 552 1522 609">APEDA 23⁽¹⁾</td> <td data-bbox="1533 552 1701 609">31 December 2024</td> </tr> <tr> <td data-bbox="1197 609 1365 665">4 per year</td> <td data-bbox="1375 609 1522 665">APEDA 71⁽¹⁾</td> <td data-bbox="1533 609 1701 665">31 December 2024</td> </tr> </tbody> </table>	2024 Quota	Approved Plant	Quota Due Date	188 per year	APEDA 23 ⁽¹⁾	31 December 2024	4 per year	APEDA 71 ⁽¹⁾	31 December 2024		
2024 Quota	Approved Plant	Quota Due Date													
188 per year	APEDA 23 ⁽¹⁾	31 December 2024													
4 per year	APEDA 71 ⁽¹⁾	31 December 2024													
				<p>However, the Sarawak Veterinary Authority reserves the right to</p> <ol style="list-style-type: none"> terminate; or impose restrictions in the event of an outbreak or disease; or impose restrictions upon expiry of the validity of the establishment; or breach of import conditions, without prior notification. 											
				<p>The Sarawak Veterinary Authority reserves the right to reduce the quota if the amount imported is less than the approved quantity. SCS is to apply for renewal 3 months before expiry date.</p>											
26.	SCS / Malaysian Fisheries Development Authority (Lembaga Kemajuan Ikan Malaysia)	This license is issued to SCS for importing and exporting frozen and fresh fish through any entry point which has been gazetted.	21.03.2024 / 31.03.2025	<p>1. The license holder shall:-</p> <ol style="list-style-type: none"> Comply with the quality, quantity, and types of fish intended for import and export. Adhere to good fish handling practices as outlined in Schedule, Rules 8 and 9 under the Fish Marketing Regulations 2010. Comply with fish selling methods at LKIM complexes and wholesale markets designated by the Board. 	Complied										

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<p>or if any related offenses are committed under any written laws.</p> <p>5. The Board reserves the right to modify or add to the limits and conditions of this license.</p>	
27.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Sensitive Toothpaste 100G, and the abovesaid company will be responsible to be the importer of the cosmetic.	20.10.2022 / 20.10.2024 ⁽¹³⁾	<p>This is to inform that cosmetic has been notified by:</p> <p>Company Name: Supreme Trading Sdn Bhd</p> <p>Company Address Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Kuching, 93050, Sarawak Malaysia</p> <p>The above said company will be responsible to place the cosmetic in the local market.</p> <p>Supreme Trading is authorised to be the importer(s) of the cosmetic.</p> <p>In exercise of the provision under regulation 18A(7), Control of Drugs and Cosmetic Regulations 1984, the Director of Pharmaceutical Services hereby impose the following condition:</p> <p>Any person responsible for placing the notified cosmetic in the market must ensure the notified cosmetic meets all the requirements as stipulated in the provisions under these Regulations.</p>	Complied
28.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Advanced Cavity Protection Toothpaste with HAP 80G, and the abovesaid company will be	31.10.2022 / 31.10.2024 ⁽¹³⁾	Same conditions as stated in item No. 27 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status			
29.	Supreme Trading / Ministry of Health Malaysia	responsible to be the importer of the cosmetic. Notification Note to inform that the Supreme Trading is the authorised importer of Anchor Complete 10 Zero Alcohol Mouthwash Cool Mint Flavour 250ml, and the abovesaid company will be responsible to be the importer of the cosmetic.	29.09.2022 / 29.09.2024 *	Same conditions as stated in item No. 27 above.	Complied			
* Supreme Trading has submitted an application for renewal of this Notification Note to the Ministry of Health Malaysia on 25 August 2024, which is prior to the date of expiration. As at the LPD, the issuance of a renewed Notification Note is still pending. Nevertheless, Supreme Trading is permitted to continue distributing the products listed in this Notification Note, based on the conditions of this Notification Note.			30.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Strawberry 50G, and the abovesaid company will be responsible to be the importer of the cosmetic.	17.10.2022 / 17.10.2024 ⁽¹³⁾	Same conditions as stated in item No. 27 above.	Complied
31.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that the Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Bubble Gum 50G, and the	29.09.2022 / 29.09.2024 *	Same conditions as stated in item No. 27 above.	Complied			
* Supreme Trading has submitted an application for renewal								

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		abovesaid company will be responsible to be the importer of the cosmetic.	<i>of this Notification Note to the Ministry of Health Malaysia on 25 August 2024, which is prior to the date of expiration. As at the LPD, the issuance of a renewed Notification Note is still pending. Nevertheless, Supreme Trading is permitted to continue distributing the products listed in this Notification Note, based on the conditions of this Notification Note.</i>		
32.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor Jungle Kids Toothpaste Orange 50G, and the abovesaid company will be responsible to be the importer of the cosmetic.	27.09.2024 / 27.09.2026	Same conditions as stated in item No. 27 above.	Complied
33.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round Protection Toothpaste 200G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2024 / 28.09.2026	Same conditions as stated in item No. 27 above.	Complied
34.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round	28.09.2024 / 28.09.2026	Same conditions as stated in item No. 27 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
		Protection Toothpaste 160G, and the abovesaid company will be responsible to be the importer of the cosmetic.			
35.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor Cooling Fresh Gel Toothpaste 150G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2022 / 28.09.2024 *	Same conditions as stated in item No. 27 above.	Complied
			* Supreme Trading has submitted an application for renewal of this Notification Note to the Ministry of Health Malaysia on 25 August 2024 prior to the date of expiration. As at the LPD, the issuance of a renewed Notification Note is still pending. Nevertheless, Supreme Trading is permitted to continue distributing the products listed in this Notification Note, based on the conditions of this Notification Note.		
36.	Supreme Trading / Ministry of Health Malaysia	Notification Note to inform that Supreme Trading is the authorised importer of the cosmetic, Anchor All Round Protection Toothpaste 100G, and the abovesaid company will be responsible to be the importer of the cosmetic.	28.09.2022 / 28.09.2024 *	Same conditions as stated in item No. 27 above.	Complied
			* Supreme Trading has submitted an application for renewal of this Notification Note to the Ministry of Health Malaysia on 25 August 2024, which is prior to the date of expiration. As at the LPD, the issuance of a renewed Notification Note is still		

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
<p><i>pending. Nevertheless, Supreme Trading is permitted to continue distributing the products listed in this Notification Note, based on the conditions of this Notification Note.</i></p>					
37.	SCS / The Commissioner of the City of Kuching North (Dewan Bandaraya Kuching Utara)	<p>Licence for:-</p> <ul style="list-style-type: none"> • conduct the following business by SCS: <ul style="list-style-type: none"> - Sale of meat; - Cold storage • for displaying of business name signboard, ⁽²⁾ <p>At Lot 842, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejinkat 93050 Kuching, Sarawak</p>	01.01.2024 / 31.12.2024 ⁽¹⁴⁾	This licence is renewable annually and it must be displayed in the premise.	Complied
38.	SCS / The Commissioner of the City of Kuching North (Dewan Bandaraya Kuching Utara)	<p>Licence to conduct the following business by SCS:</p> <ul style="list-style-type: none"> - Sale of meat; and - Cold storage, <p>At Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejinkat 93050 Kuching, Sarawak</p>	01.01.2024 / 31.12.2024 ⁽¹⁴⁾	This licence is renewable annually and it must be displayed in the premise.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
39.	SFS / The Commissioner of the City of Kuching North (Dewan Bandaraya Kuching Utara)	Licence to operate food and beverages factory and displaying business name signboard at Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejinkat 93050 Kuching, Sarawak	01.01.2024 / 31.12.2024 ⁽¹⁴⁾	This licence is renewable annually and it must be displayed in the premise.	Complied
40.	BFL / Miri City Council	Licence to conduct the following business by BFL: - Operate food premises; - Cold storage, at Lot 1248, Block 5, Kuala Baram, Land District, Jalan Maigold, Senadin Miri	⁽³⁾ / 31.12.2024 ⁽¹⁴⁾	This licence is renewable annually and it must be displayed in the premise.	Complied
41.	BFL / Miri City Council	Advertisement Licence ⁽²⁾	01.01.2024 / 31.12.2024 ⁽¹⁵⁾	The Council has no objection to the installation of 3 business signboards located at Lot 1248, Block 5, KBLD, Jalan Maigold, Senadin, 98000 Miri. Approval for the signboards is subject to the following conditions: (a) Installation is only allowed at the requested location; (b) The signboards must always be in good and safe condition. The owner is responsible for any accidents to the public resulting from the installation of these signboards; (c) Display of the approval permit number (1 in MCC/ENF-A01(15)/2023) next to the relevant signboard as a record of approval from the Council; (d) Required to pay an advertising fee of RM360.00 for the year 2023 to the Council within fourteen (14) days from the date of this letter.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
42.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA3032P	27.07.2020 / 28.12.2025	<p>(e) Any changes or additions to your business signboard must be notified to the enforcement authority for a fee change.</p> <p>(f) The Council reserves the right to cancel/withdraw approval if the owner is found to violate any of the above conditions or any directives issued by the Council from time to time without any justification.</p> <p>(g) The owner is advised to obtain Public Liability Insurance amounting to RM1,000,000.00 in case of any accidents during the period the advertising signboard is installed.</p> <p>(h) It is also reminded that the Council will only issue the permit/license (Form B) after the owner settles the relevant bills.</p> <p>General Terms for Carrier's License:</p> <ol style="list-style-type: none"> The license holder cannot terminate services during the effective period of the license without first obtaining written approval from the Sarawak Commercial Vehicle Licensing Board. The license must be carried in the vehicle at all times and shown to Enforcement Officers when requested. The license holder must ensure that explosive, flammable, hazardous, or foul-smelling goods that may cause environmental pollution are transported in a manner prescribed, and precautionary measures must be taken in handling such goods. If specific methods for transporting these goods are stipulated by certain authorities and approval is required from the relevant authorities, the regulations and approvals for transporting such goods must 	Complied

7. BUSINESS OVERVIEW (CONT'D)

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

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<p>9. The operational area of the Prime Mover/Tractor and semi-trailer/trailer it pulls must be in the same operational area.</p> <p>10. The Prime Mover/Tractor is allowed to pull any semi-trailer/trailer owned by the same license holder.</p> <p>11. For rigid vehicles, it is allowed to pull any trailer owned by the same license holder.</p> <p>12. The operational area of rigid vehicles and the trailers they pull must be the same.</p> <p>13. The permissible laden weight (BDM) for semi-trailers includes the weight of the Prime Mover/Tractor, semi-trailer, and cargo.</p> <p>14. For articulated vehicles, the laden weight allowed to be pulled by the Prime Mover/Tractor at any time must not exceed the gross combination weight (GCW) of the Prime Mover/Tractor or the laden weight (BDM) of the semi-trailer, whichever is lower, under the Road Transport Act 1987.</p> <p>15. Special Terms for Carrier License A:</p> <ul style="list-style-type: none"> - Vehicles licensed as Driver's License A must operate for hire or reward within the operational area permitted by the Sarawak Commercial Vehicle Licensing Board and cannot refuse to do so without reasonable cause. - For Driver's License A of the 'Timber Jinker' type, it must be used to transport timber logs. - For Driver's License A of the 'Pole Trailer' type, it must be used to transport items 	

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				that are at least 12 meters long and cannot be divided. - For Driver's License A of the 'Low Loader' type, it must be used to transport machinery. If the vehicle carries other goods besides machinery, approval must be obtained from the Director-General of the Road Transport Department.	
43.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA1993G	13.11.2023 / 08.01.2029	Same conditions as stated in item No. 42 above.	Complied
44.	SCS / Ministry of Transport Malaysia	Carrier License 'A' for lorry rigid – refrigerated box bearing registration no. QAA6585F	18.05.2023 / 19.09.2028	Same conditions as stated in item No. 42 above.	Complied
45.	SCS / Ministry of Transport Malaysia	Carrier License A for lorry rigid – refrigerated box bearing registration no. QAA6585J	07.03.2024 / 06.03.2029	Same conditions as stated in item No. 42 above.	Complied
46.	SCS / Ministry of Transport Malaysia	Carrier License A for refrigerated truck bearing registration no. QAA6993G	27.05.2020 / 21.11.2025	Same conditions as stated in item No. 42 above.	Complied
47.	SFS / Ministry of Transport Malaysia	Carrier License A for Rigid Lorry – General Cargo bearing registration no. QAA6374V	19.05.2023 / 11.10.2028	Same conditions as stated in item No. 42 above.	Complied
48.	SFS / Ministry of Domestic Trade and Cost of Living	License issued to SFS for retailing and storing scheduled controlled goods, namely, sugar.	16.04.2024 / 15.04.2025	1. The holder of this Permit is subject to the Control of Supplies Act 1961 and its Subsidiary Legislation. 2. The holder of this Permit is authorised to purchase and store scheduled controlled items as specified below:	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
				<ul style="list-style-type: none"> - type and description of scheduled controlled items: sugar (non-subsidized) - quantity of stock: 50,000 kg <p>3. Failure to comply with any conditions contained in this permit may result in actions taken under the Control of Supplies Act 1961 and its Subsidiary Legislation.</p>	
49.	SCS / Department of Occupational Safety and Health, Sarawak	Certificate of fitness Hoisting Machine ⁽⁸⁾ ⁽⁹⁾ (other than a hoisting machine driven by manual power)	06.05.2024 / 05.08.2025	<p>Certificate issued for vertical lifting platform installed at Lot 842, Block 7, Muara Tebas Land District, Sejingkat 93050, Kuching, Sarawak.</p> <p>This certificate will hold good until the date of expiry unless previously suspended, cancelled or otherwise determined under the provisions of the Factories and Machinery Act 1967 and provided the provisions of the Factories and Machinery Act 1967 and the Factories and Machinery Regulations (Notification, Certificate of Fitness and Inspection) Regulations, 1970 made thereunder are not contravened in respect of the above hoisting machine.</p>	Complied
50.	SCS / Collector of Business Licence (Pemungut Lesen Perdagangan Kuching, Sarawak)	Trading license, issued to SCS for transportation	10.09.2024 / 11.09.2025	Same conditions as stated in item No. 1 above.	Complied
51.	SCS / Ministry of Transport Malaysia	Carrier License A for rigid lorry – refrigerated bearing registration no. SWK5626	18.06.2024 / 17.06.2029	Same conditions as stated in item No. 42 above.	Complied
52.	SCS / Ministry of Transport Malaysia	Carrier License A for rigid lorry – refrigerated bearing registration no. SWK7746	09.07.2024 / 08.07.2029	Same conditions as stated in item No. 42 above.	Complied

7. BUSINESS OVERVIEW (CONT'D)

No.	Licence holder / Issuing authority	Nature of approval or licences	Date of issue / Date of expiry	Licence content / Material conditions imposed	Compliance status
53.	SCS / Ministry of Transport Malaysia	Carrier License A for rigid lorry – refrigerated bearing registration no. SWK7742	09.07.2024 / 08.07.2029	Same conditions as stated in item No. 42 above.	Complied

Notes:

- (1) *Indian meat processing plant registered with the Agricultural and Processed Food Products Export Development Authority (APEDA), an authority established by the Government of India under the Agricultural and Processed Food Products Export Development Authority Act of India. This plant has been approved by the Department of Veterinary Services Malaysia for the importation of Indian meat into Malaysia.*
- (2) *Our Company and BFL have installed their business name signboards displaying “SUPREME CONSOLIDATED RESOURCES BERHAD” and “BORNEO FOOD LAND COLDSTORAGE SDN BHD” on the facade of the office building erected on Lot 842 and Lot 1248 without obtaining prior licenses from DBKU and the Miri Municipal Council. Subsequently, the licenses for the installation and display of the business name signboards have been obtained from DBKU and the Miri Municipal Council. Please refer to Section 7.24 of this Prospectus for more details.*
- (3) *No specific date imprinted on the licence and it is assumed that the date of issuance is on the first day of 2024. This licence is renewable on an annual basis and the previous licence was expired on 31 December 2023.*
- (4) *BFL manages its own transportation of goods in Miri with its own vehicles and is not involved in the provision of transportation service. As the vehicles owned by BFL are not for hire or reward or in connection with any trade or business carried on by BFL as a carrier of goods, BFL is therefore not required to obtain a trading licence for transportation.*
- (5) *SCS and SFS have not obtained halal certification for their logistics. Nonetheless, they have obtained halal certification for their F&B Products which the management of our Group is of the view that this halal certification is deemed sufficient for the business in the distribution of F&B Products.*
- (6) *The certificates of registration for food premises were issued by the Ministry of Health of Malaysia based on the prescribed form of Schedule 2 of the Food Hygiene Regulations 2009. The prescribed form requires an individual person’s name and details as the holder of the certificate. Hence, Lim Ah Ted who is the director of SCS and SFS, is the holder of such certificates as per the requirement under Food Hygiene Regulations 2009.*
- (7) *The certificates of registration for food premises were only issued for Lot 1476, and Lot 919, Block 7, Muara Tebas Land District, Demak Laut Industrial Park, Sejingkat, 93050 Kuching, Sarawak. However, Lot 842 and Lot 1248, Block 5, Kuala Baram Land District, Jalan Maigold, Senadin, 98000 Miri, Sarawak (“**Lot 1248**”) do not require certificate of registration for food premises as the premises on Lot 842 and Lot 1248 do not fall within the definition of “food premises” under Section 2 of the Food Act 1983 and the First Schedule of the Food Hygiene Regulations 2009 which would require registration under Regulation 3(1) of the Food Hygiene Regulations 2009. Please refer to No. 4 of Section 7.20 of this Prospectus for the full provisions of these section and regulations.*
- (8) *The definition of hoisting machine is found in Section 3 of the Factories and Machinery Act 1967, which includes lift. Please refer to No. 15 of Section 7.20 of this Prospectus for the definition and relevant provisions of the Factories and Machinery Act 1967.*

7. BUSINESS OVERVIEW (CONT'D)

- (9) *This certificate which was issued pursuant to Section 19(1) of the Factories and Machinery Act 1967, will remain valid even though the Factories and Machinery Act 1967 has been repealed by the Factories and Machinery (Repeal) Act 2022, effective from 1 June 2024. Please refer to No.15 of Section 7.20 of this Prospectus for further explanation.*
- (10) *SCS has submitted the application for renewal to the Ministry of Health Malaysia on 14 April 2024 prior to the expiration of the existing MeSTI certificate. SCS has obtained approval for renewal period commencing 19 September 2024 until 18 September 2027. However, as at the LPD, the issuance of the renewed certificate from the Ministry of Health Malaysia is pending.*
- (11) *SCS has submitted an application for renewal to the State Veterinary Authority Sarawak in September 2024 ahead of the impending expiration of this existing licence. As at the LPD, SCS is awaiting an audit to be conducted as part of the process of renewing the licence.*
- (12) *SCS has submitted an application for permit to import frozen Indian buffalo meat from APEDA 23 and APEDA 71 for the incoming year of 2025 to the Department of Veterinary Services Sarawak on 17 September 2024 ahead of the impending expiration of this existing permit and approximately 3 months before the expiry date (the requirement by Department of Veterinary Services Sarawak is 3 months before the expiry date).*
- (13) *Supreme Trading has submitted the application for renewal to the Ministry of Health Malaysia on 25 August 2024 ahead of the impending expiration of this existing Notification Note. However, as at the LPD, the renewed Notification Note is pending to be issued by Ministry of Health Malaysia.*
- (14) *SCS, SFS and BFL normally renew business licences at least 3 months prior to its expiry. In view that the affected business licences will only be expiring on 31 December 2024, SCS, SFS and BFL will submit the application for renewal of business licences by 31 October 2024.*
- (15) *BFL has submitted an application to Miri City Council for renewal of this advertisement licence and notwithstanding its existing advertisement licence has not expired, it has obtained the renewal of the advertisement licence for the incoming year of 2025.*

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7. BUSINESS OVERVIEW (CONT'D)

7.21.2 Permits to import

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

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

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

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

Category	Type of food products	Country of import / origin
Frozen Food	Frozen beef neck bones (BP), beef knuckle, beef brisket, beef neck bones, frozen boneless beef "A" chuck tender (IW), frozen beef lung, frozen bone-in mutton foreshank, frozen bone in mutton squarecut shoulder, lamb carcass	Australia
	Frozen french fries (grade "A" crinkle cut), Frozen french fries (grade "A" shoe string), Frozen spicy wedges	Belgium
	Frozen french fries	Germany
	Frozen buffalo blade, frozen buffalo FQ sliced, frozen buffalo topside, frozen buffalo thick flank / knuckles, frozen buffalo silverside, frozen buffalo rump steak, frozen buffalo tenderloin, frozen buffalo striploin, frozen buffalo chuck tender, frozen buffalo FQ rolls, frozen buffalo trimming	India
	Frozen beef liver, boneless beef rib eye roll, frozen boneless beef blade, frozen boneless beef inside and frozen beef knuckle	New Zealand
	Frozen Indian mackerel fish, frozen yellow tail scad fish	Vietnam

7. BUSINESS OVERVIEW (CONT'D)

Category	Type of food products	Country of import / origin
Chilled Food and Ambient F&B	Processed cheddar block cheese, processed cheese super slice, smoky barbecue, slice cheese, gourmet processed cheese slices, full cream milk, UHT milk	Australia
	Canned butter	New Zealand

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

7.21.3 Permits to export

The State Veterinary Authority Sarawak is also empowered to regulate the export of any animal, fish, animal or fish products under the Veterinary Public Health Ordinance 1999 of Sarawak.

Under Section 17(1) of the Veterinary Public Health Ordinance 1999 of Sarawak, a permit to export from the State Veterinary Authority Sarawak ("**Permit to Export**") is required for exportation of any animal, fish, animal or fish products out of Sarawak. A Permit to Export is valid for a period of 60 days from the date of issue or deemed to have been revoked upon the landing or entry of the authorised products, whichever is earlier. Every consignment of any animal, fish, animal or fish products for exportation out of Sarawak requires a valid Permit to Export, as well as a valid health certificate issued by the State Veterinary Authority Sarawak.

Our Group also exports some of our Frozen and Chilled Food Products to customers outside of Sarawak whenever there is a request or order made to us, namely to Myanmar and Singapore. Please refer to Section 7.4 of this Prospectus for further details of our Group's revenue from Myanmar and Singapore.

As at the LPD, our Group through our subsidiary, SFS, had exported butter and cheese to Thailand, for the purpose of our customer in Myanmar. Upon arrival of such products in Thailand, our customer in Myanmar will make its own arrangements to transport the products from Thailand to Myanmar. Besides that, in the FYE 2023 and the FPE 2024, there have been no requests or orders from customers in Singapore and as such, no products have been exported to Singapore.

As at the LPD, the type of food products and the country of export according to the category, based on the Permit to Export issued to SFS, which are still valid and subsisting are as follows:

Category	Type of food products	Country of Export
Ambient F&B	Butter and cheese	Thailand

7. BUSINESS OVERVIEW (CONT'D)

7.21.4 Health and Halal certifications requirement for import of food

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

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

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

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

A valid health certificate is also required to be accompanied with the consignment of all Frozen and Chilled Food Products and Ambient F&B Products as described in Section 7.21.4 of this Prospectus, when such food products are imported from the country of import or origin as mentioned in Section 7.21.2 of this Prospectus. Such health certificate is required to be issued by a competent authority of the exporting country certifying that there are no diseases in the country of origin prior to export and that the food is fit for human consumption.

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

In the case of Frozen and Chilled Food Products and Ambient F&B Products which our Group imports for distribution in Sarawak, which have been issued with halal certification by a foreign halal certification body in the country of export, our Group is not required to obtain additional halal certificate from the Department of Islamic Development Malaysia (Jabatan Kemajuan Islam Malaysia (“**JAKIM**”)). Foreign halal certification body in each country around the world which are as named in the Second Schedule of Trade Descriptions (Certification and Marking of Halal) Order 2011, are recognised by JAKIM pursuant to Paragraph 5(2) of Trade Descriptions (Certification and Marking of Halal) Order 2011. Please refer to No. 6 of Section 7.20 of this Prospectus for the names of the foreign halal certification body.

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

7. BUSINESS OVERVIEW (CONT'D)

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

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7. BUSINESS OVERVIEW (CONT'D)

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

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
<u>Chilled Food Products & Ambient F&B</u>					
1	Australia	Bega Cheese Limited on behalf of Heng Business Links / Australian Government Agriculture	Health certificate	20.08.2024 / Not stated ⁽¹⁾	Not applicable / 780 cartons comprising "Bega" processed cheese block and "Bega" processed cheese slices / Certified that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the products and that the goods are in sound condition, fit for human consumption and of Australian origin.
2	Australia	Bega Cheese Limited on behalf of Heng Business Links / Australian Government Agriculture	Health certificate	20.08.2024 / Not stated ⁽¹⁾	Not applicable / 840 cartons comprising "Bega" super slices processed cheese, "Bega" smoky barbeque cheese slices, "Bega" gourmet processed cheese slices, "Bega" processed cheese block / Certified that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the above products and that the goods are in sound condition, fit for human consumption and of Australian origin.
3(a)	Australia	Pactum Dairy Group Pty Ltd (A division of Noumi Limited) / Halal Certification Authority Australia	Halal certificate	01.01.2023 / 31.12.2025	Not applicable / "Australia's Own" range of milk products / Certified that the dairy products comprising milk under the brand name of "Australia's Own" are halal.
3(b)	Australia	Noumi Trading Pty Ltd / Australian Government Agriculture	Health certificate	26.08.2024 / Not stated ⁽¹⁾	Not applicable / 1944 cartons of "Australia's Own" full cream milk and 108 cartons of "Australia's Own" low-fat milk processed at Pactum Dairy Group Pty Ltd / Certified that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
4(a)	Australia	Pactum Dairy Group Pty Ltd (A division of Noumi Limited) / Halal Certification Authority Australia	Halal certificate	01.01.2023 / 31.12.2025	twelve months prior to the export of the products and that the goods are in sound condition, fit for human consumption and of Australian origin. Not applicable / "Australia's Own" range of milk products / Certified that the dairy products comprising milk under the brand name of "Australia's Own" are halal.
4(b)	Australia	Noumi Trading Pty Ltd / Australian Government Agriculture	Health certificate	28.08.2024 / Not stated ⁽¹⁾	Not applicable / 2052 cartons of "Australia's Own" full cream milk processed at Pactum Dairy Group Pty Ltd / Certified that Australia was free of foot and mouth disease, rinderpest, contagious bovine pleuropneumonia and bovine spongiform encephalopathy for twelve months prior to the export of the products and that the goods are in sound condition, fit for human consumption and of Australian origin.
5(a)	New Zealand	Ballantyne Foods Pty Ltd / New Zealand Islamic Development Trust ("NZIDT Limited")	Halal Premises Registration Certificate	01.07.2022 / 30.06.2025	Not applicable / "Golden Churn" butter / This certificate certified that New Zealand Butter Cannery Limited is approved as a halal processed food plant for Ballantyne Foods Pty Ltd and has been assessed by NZIDT Limited to have complied with the prescribed requirements for the activities involving receipt of raw material and ingredients, manufacturing, packing, storing and dispatch of dairy products for the manufacture of among others, "Golden Churn" butter.
5(b)	New Zealand	Ballantyne Foods Pty (NZ) Limited / New Zealand Ministry for Primary Industries	Certificate for Milk and Milk Products Exported to Malaysia	29.08.2024 / Not stated ⁽¹⁾	Not applicable / 1190 cartons of salted butter / This certificate certified that at the time of export from New Zealand, the products were processed in establishments operating in accordance with New Zealand law and were derived from animals of New Zealand origin, and that foot and mouth disease does not occur in New Zealand.

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
<u>Frozen Food Products</u>					
1(a)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect to meat, meat products and edible offal	28.08.2024 / Not stated ⁽¹⁾	Not stated / 1054 cartons comprising frozen boneless beef striploin, frozen bone in beef shortloin, frozen bone in beef ribs prepared, frozen bone in beef short ribs, frozen boneless beef brisket, frozen beef lung edible / This certificate certified that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export, and that Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary Medicines Authority and the national monitoring programs undertaken by the Australia National Residue Survey, the certifying authority has no reason to suspect that the product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and that the meat specified above has been examined and found by ante-mortem and post-mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.
1(b)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture and Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	28.08.2024 / Not stated ⁽¹⁾	12.04.2024 until 19.08.2024 / 1054 cartons comprising frozen boneless beef shortloin, frozen bone in beef striploin, frozen bone in beef ribs prepared, frozen bone in beef short ribs, frozen boneless beef brisket, frozen beef lung edible / This certificate certified that the slaughter and production of the meat / meat products described herein has been carried out in accordance with

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
2(a)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect to meat, meat products and edible offal	28.08.2024 / Not stated ⁽¹⁾	<p>the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organisation and the Islamic Organisation certifies that the consignment of meat detailed above is from animals slaughtered by Muslim slaughtermen, authorised by the organisation, using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world and that adequate precautions have been taken to prevent mixing with non-halal meat.</p> <p>Not stated / 535 cartons comprising aged frozen bone in lamb rack, aged frozen bone in lamb shoulder rack, aged frozen bone in lamb leg, frozen bone in mutton shoulder square cut / This certificate certified that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export, and that Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary Medicines Authority and the national monitoring programs undertaken by the Australia National Residue Survey, the certifying authority has no reason to suspect that the product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and that the meat specified above has been examined and found by ante-mortem and post-mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.</p>

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
2(b)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture and Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	28.08.2024 / Not stated ⁽¹⁾	11.07.2024 until 29.07.2024 / 535 cartons comprising aged frozen bone in lamb rack, aged frozen bone in lamb shoulder rack, aged frozen bone in lamb leg, frozen bone in mutton shoulder square cut / This certificate certified that the slaughter and production of the meat / meat products described herein has been carried out in accordance with the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organisation and the Islamic Organisation certifies that the consignment of meat detailed above is from animals slaughtered by Muslim slaughtermen, authorised by the organisation, using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world and that adequate precautions have been taken to prevent mixing with non-halal meat.
3(a)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture	Official certificate with respect to meat, meat products and edible offal	28.08.2024 / Not stated ⁽¹⁾	Not stated / 86 cartons comprising chilled boneless beef striploin, chilled boneless beef cube roll, chilled boneless beef tenderloin, chilled bone in beef ribs prepared, chilled boneless beef inside, chilled boneless beef knuckle, chilled boneless beef chuck tender, chilled boneless beef brisket, chilled boneless beef bolar blade / This certificate certified that Australia has been free from foot and mouth disease and rinderpest for twelve months immediately prior to the slaughter and export of the animals and no contamination took place prior to export, and that Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary Medicines Authority and the national monitoring programs

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
3(b)	Australia	Midfield Meat International Pty Ltd / Australian Government Agriculture and Australian Halal Authority and Advisers	Certificate of slaughter in accordance with Islamic rites	28.08.2024 / Not stated ⁽¹⁾	31.07.2024 until 22.08.2024 / 86 cartons comprising chilled boneless beef striploin, chilled boneless beef cube roll, chilled boneless beef tenderloin, chilled bone in beef ribs prepared, chilled boneless beef inside, chilled boneless beef knuckle, chilled boneless beef chuck tender, chilled boneless beef brisket, chilled boneless beef bolar blade / This certificate certified that the slaughter and production of the meat or meat products described herein has been carried out in accordance with the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organisation and the Islamic Organisation certifies that the consignment of meat detailed above is from animals slaughtered by Muslim slaughtermen, authorised by the organisation, using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world, and that adequate precautions have been taken to prevent mixing with non-halal meat.
4(a)	Australia	Ararat Meat Exports / Australian Government Agriculture	Official certificate with respect to meat, meat products and edible offal	07.08.2024 / Not stated ⁽¹⁾	Not stated / 1180 cartons comprising frozen bone in mutton foreshank and frozen bone in mutton square cut shoulder / This certificate certified that Australia has been free from foot and mouth disease and rinderpest for twelve months

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
4(b)	Australia	Ararat Meat Exports Pty Ltd / Islamic Co-ordinating Council of Victoria	Certificate of slaughter in accordance with Islamic rites	07.08.2024 / Not stated ⁽¹⁾	<p>immediately prior to the slaughter and export of the animals and no contamination took place prior to export, and that Australia has been free from bovine spongiform encephalopathy for six years prior to the slaughter of the animals and the export of the product to Malaysia. Based on the registration, approval and compliance activities of the Australian Pesticides and Veterinary Medicines Authority and the national monitoring programs undertaken by the Australia National Residue Survey, the certifying authority has no reason to suspect that the product contains any of the three prohibited chemicals (beta agonists, nitrofurans or chloramphenicol) and that the meat specified above has been examined and found by ante-mortem and post-mortem veterinary inspection to be free from disease and suitable in every way for human consumption and that no injurious ingredient has been used in its preparation.</p> <p>22.07.2024 until 01.08.2024 / 1180 cartons comprising frozen bone in mutton foreshank and frozen bone in mutton square cut shoulder / This certificate certified that the slaughter and production of the meat or meat products described herein has been carried out in accordance with the Australian Government Authorised Halal Program and under the supervision of an Approved Islamic Organisation and the Islamic Organisation certified that the consignment of meat detailed above is from animals slaughtered by Muslim slaughtermen, authorised by the organisation, using a knife and according to Islamic rites. The meat of animals slaughtered is halal and therefore suitable for consumption by Muslims in any part of the world and that adequate precautions have been taken to prevent mixing with non-halal meat.</p>

7. BUSINESS OVERVIEW (CONT'D)

No	Country of import / origin	Certificate holder / Issuing authority	Type of certificate	Date of issue / Date of expiry	Slaughter dates / product / subject matter
5.	Belgium	Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	17.04.2024 / Not stated ⁽¹⁾	Not applicable / Frozen French fries / Declaration that the products mentioned in the certificate meets the stated qualitative and quantitative composition and are fit for human consumption.
6.	Belgium	Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	21.05.2024 / Not stated ⁽¹⁾	Not applicable / Frozen French fries comprising shoestring, spicy potato wedges and crinkle cut / Declaration that the products mentioned in the certificate meets the stated qualitative and quantitative composition and are fit for human consumption.
7.	Belgium	Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	19.04.2024 / Not stated ⁽¹⁾	Not applicable / "Supreme Rabbit" brand of frozen French fries comprising shoestring, crinkle cut and spicy potato wedges / Declaration that the products mentioned in the certificate meets the stated qualitative and quantitative composition and are fit for human consumption.
8.	Belgium	Vestey Foods International Ltd / Federal Agency for the Safety of the Food Chain of Kingdom of Belgium	Health certificate for export of foodstuffs and other products	18.09.2024 / Not stated ⁽¹⁾	Not applicable / "Supreme Rabbit" brand of frozen French fries comprising shoestring, wedges skin off, wedges skin, and spicy potato wedges / Declaration that the products mentioned in the certificate meets the stated qualitative and quantitative composition and are fit for human consumption.
9(a)	Germany	Agrarfrost GmbH & Co / Halal Certification Body (Germany)	Halal Control certificate	14.05.2024 / 09.05.2027	Not applicable / "Agrarfrost" brand of frozen potato products / This certificate certified that the products manufactured by Agrarfrost GmbH & Co. at the production site Aldrup 3, 27793 Wildeshausen, Germany are halal.
9(b)	Germany	Agrarfrost GmbH & Co / Agrarfrost GmbH & Co	Certificate of Health	19.08.2024 / Not stated ⁽¹⁾	Not applicable / "Agrarfrost" brand of frozen potato products / This certificate certified that the products are of the same quality as those sold in the German market, and that the products comply

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u> with relevant German laws regarding food, and are fit for human consumption.
10(a)	India	Allanasons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	07.08.2024 / 90 days from the date of issue	<p>Not stated / 1400 cartons of Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This certificate certified that at the request of Allanasons Private Limited, the goods to be shipped to Kuching, Sarawak, Malaysia were subjected to biological tests or microbial investigations which revealed that:</p> <ul style="list-style-type: none"> total bacterial count was within limit of 1 to 10 million per gram Escherichia Coli count not more 100 per gram meat is free from Salmonella and bovine spongiform encephalopathy, <p>and therefore, this meat is fit for human consumption, there is no danger in importing into Malaysia, and that the products are in good sanitary and preservatory state.</p>
10(b)	India	Allanasons Private Limited / Jamiat Ulama Halal Foundation	Halal slaughtering certificate	19.08.2024 / Not stated ⁽¹⁾	<p>25.06.2024 until 24.07.2024 / 1400 cartons of Indian origin frozen halal boneless buffalo meat / This certificate certified that the shipment of buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorised representative appointed at facility and therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter, and the slaughter is carried out according to the requirements of the standards approved by JAKIM.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
11(a)	India	Allanasons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	07.08.2024 / 90 days from the date of issue	<p>Not stated / 1555 cartons of Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This certificate certified that at the request of Allanasons Private Limited, the goods to be shipped to Kuching, Sarawak, Malaysia, I were subjected to biological tests or microbial investigations which revealed that:</p> <ul style="list-style-type: none"> total bacterial count was within limit of 1 to 10 million per gram Escherichia Coli count not more 100 per gram meat is free from salmonella and bovine spongiform encephalopathy, <p>and therefore this meat is fit for human consumption, there is no danger in importing into Malaysia, and that the products are in good sanitary and preservatory state.</p>
11(b)	India	Allanasons Private Limited / Jamiat Ulama Halal Foundation	Halal slaughtering certificate	21.08.2024 / Not stated ⁽¹⁾	<p>24.07.2024 / 1555 cartons of Indian frozen halal boneless buffalo offal and Indian frozen halal boneless buffalo meat / This certificate certified that the shipment of buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorised representative appointed at facility and therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter, and the slaughter is carried out according to the requirements of the standards approved by JAKIM.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
12(a)	India	Allanasons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	13.08.2024 / 90 days from the date of issue	<p>Not stated / 1555 cartons of Indian origin frozen halal boneless buffalo meat / This certificate certified that at the request of Allanasons Private Limited, the goods to be shipped to Kuching, Sarawak, Malaysia, were subjected to biological tests or microbial investigations which revealed that:</p> <ul style="list-style-type: none"> • total bacterial count was within limit of 1 to 10 million per gram • Escherichia Coli count not more 100 per gram • meat is free from salmonella and bovine spongiform encephalopathy, <p>and therefore, this meat is fit for human consumption, there is no danger in importing into Malaysia, and that the products are in good sanitary and preservatory state.</p>
12(b)	India	Allanasons Private Limited / Jamiat Ulama Halal Foundation	Halal slaughtering certificate	19.08.2024 / Not stated ⁽¹⁾	<p>24.07.2024 / 1555 cartons of Indian frozen halal boneless buffalo meat / This certificate certified that the shipment of buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorised representative appointed at facility and therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter, and the slaughter is carried out according to the requirements of the standards approved by JAKIM.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
13(a)	India	Allanasons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	07.08.2024 / 90 days from the date of issue	Not stated / 1467 cartons of Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This certificate certified that at the request of Allanasons Private Limited, the goods to be shipped to Kuching, Sarawak, Malaysia, were subjected to biological tests or microbial investigations which revealed that: <ul style="list-style-type: none"> • total bacterial count was within limit of 1 to 10 million per gram • Escherichia Coli count not more 100 per gram • meat is free from salmonella and bovine spongiform encephalopathy, and therefore, this meat is fit for human consumption, there is no danger in importing into Malaysia, and that the products are in good sanitary and preservatory state.
13(b)	India	Allanasons Private Limited / Jamiat Ulama Halal Foundation	Halal slaughtering certificate	14.08.2024 / Not stated ⁽¹⁾	24.07.2024 / 1467 cartons of Indian frozen halal boneless buffalo meat / This certificate certified that the shipment of buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorised representative appointed at facility and therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter and the slaughter is carried out according to the requirements of the standards approved by JAKIM.

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
14(a)	India	Allanasons Private Limited / Government of Maharashtra, Department of Animal Husbandry	Health Certificate	06.09.2024 / 90 days from the date of issue	<p>Not stated / 1467 cartons comprising Indian origin frozen halal boneless buffalo meat slaughtered by Muslim halal method / This certificate certified that at the request of Allanasons Private Limited, the goods to be shipped to Kuching, Sarawak, Malaysia, the representative samples were subjected to biological tests or microbial investigations which revealed that:</p> <ul style="list-style-type: none"> total bacterial count was within limit of 1 to 10 million per gram Escherichia Coli count not more 100 per gram meat is free from salmonella and bovine spongiform encephalopathy, <p>and therefore, this meat is fit for human consumption, there is no danger in importing into Malaysia, and that the products are in good sanitary and preservatory state.</p>
14(b)	India	Allanasons Private Limited / Jamiat Ulama Halal Foundation	Halal slaughtering certificate	16.09.2024 / Not stated ⁽¹⁾	<p>26.08.2024 / 1476 cartons comprising Indian frozen halal boneless buffalo meat / This certificate certified that the shipment of buffalo meat has been slaughtered according to the Islamic rites, in the presence and under direct supervision of its authorised representative appointed at facility and therefore, the meat is halal and suitable for consumption by Muslims in any part of the world. Adequate precautions and international foods safety standards have been taken to avoid cross contamination and to prevent meat mixing with non-halal meat, and the slaughtering process was carried out in a slaughterhouse where pigs are strictly prohibited to slaughter and the slaughter is carried out according to the requirements of the standards approved by JAKIM.</p>

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
15(a)	New Zealand	Greenlea Premier Meats Limited / New Zealand Ministry of Primary Industries	Sanitary certificate for meat and meat products for human consumption to Malaysia	21.08.2024 / Not stated ⁽¹⁾	05.07.2024 until 15.08.2024 / 1288 cartons comprising frozen beef liver, frozen boneless beef inside, frozen boneless beef rib eye roll, frozen boneless beef knuckle / This certificate certified that: <ul style="list-style-type: none"> - the products are derived from animals which have passed ante-mortem and post-mortem veterinary inspection at the time of slaughter and were processed in accordance with New Zealand law; - the animals from which the meat was derived were of New Zealand origin; - the products have not treated with chemical or foreign substance injurious to health; - the products are deemed fit for human consumption; - African horse sickness, African swine fever, anthrax, avian influenza (fowl plague) blue tongue disease, bovine spongiform encephalopathy (BSE) Brucella abortus, Brucella melitensis, classical swine fever (hog cholera) contagious bovine pleuropneumonia, foot and mouth disease, glanders, lumpy skin disease, Newcastle disease an asymptomatic lentogenic strain exists in New Zealand), peste des petits ruminants, rabies, Rift Valley fever, rinderpest, scrapie sheep and goat pox, swine vesicular disease and vesicular stomatitis do not occur in New Zealand; - the feeding of ruminant protein to ruminants is prohibited in New Zealand; and - the product does not contain B- agonists

7. BUSINESS OVERVIEW (CONT'D)

<u>No</u>	<u>Country of import / origin</u>	<u>Certificate holder / Issuing authority</u>	<u>Type of certificate</u>	<u>Date of issue / Date of expiry</u>	<u>Slaughter dates / product / subject matter</u>
15(b)	New Zealand	Greenlea Premier Meats Limited / Federation of Islamic Associations of New Zealand	New Zealand Halal Export Certificate	20.08.2024 / Not stated ⁽¹⁾	05.07.2024 until 15.08.2024 / 1288 cartons comprising frozen beef liver, frozen boneless beef inside, frozen boneless beef rib eye roll, frozen boneless beef knuckle / This certificate certified that the meat and meat products in this shipment have been derived from halal slaughtered animals, and the ingredients, additives, processing aids and packaging material in this shipment are halal. The processing of meat and meat products has been supervised by their authorised area representative and therefore, this shipment is considered as halal and fit for consumption by Muslims, Adequate precautions have also been taken to prevent contamination with non-halal materials during processing, storage and transportation, and accordingly, their halal seal has been applied to this certificate.

Note:

(1) *Where a date of expiry is not stated in any certificate issued in respect of any Frozen and Chilled Food Products and Ambient F&B Products which our Group imports into Sarawak, our Group determines the validity of such certificate by making reference to the corresponding Permit to Import, health certificate and if applicable, halal certificate, issued for the same Frozen and Chilled Food Products and Ambient F&B Products, in the same consignment. This is because each consignment of food products that are imported into Sarawak requires Permit to Import, health certificate and if applicable, halal certificate which are still of a valid and subsisting period, in the same consignment.*

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

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

7. BUSINESS OVERVIEW (CONT'D)

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

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




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

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7. BUSINESS OVERVIEW (CONT'D)

7.22 INTELLECTUAL PROPERTIES

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

<u>No.</u>	<u>Trademark no. / Registered owner</u>	<u>Design / Mark</u>	<u>Description</u>	<u>Status / Validity</u>	<u>Place of registration</u>
1.	2017014061 / Supreme Consolidated Resources Bhd		Class 39 - Transportation, packaging and storage of goods, and travel arrangement	Registered / 20 December 2018 – 19 December 2027	Malaysia
<u>No.</u>	<u>Application no. / Applicant</u>	<u>Design / Mark</u>	<u>Description</u>	<u>Status / Date of application</u>	<u>Application for registration</u>
1.	TM2023026534 / Supreme Consolidated Resources Bhd		Class 35 - Advertising, business administration; business management and office functions	Application provisionally refused ⁽¹⁾ / 4 September 2023 ⁽²⁾	Malaysia
2.	TM2023026537 / Supreme Consolidated Resources Bhd		Class 39 - Transportation, packaging and storage of good, and travel arrangement	Application provisionally refused ⁽¹⁾ / 4 September 2023 ⁽²⁾	Malaysia

7. BUSINESS OVERVIEW (CONT'D)

No.	Application no. / Applicant	Design / Mark	Description	Status / Date of application	Application for registration
3.	TM2023039084 / Supreme Consolidated Resources Bhd	"Best Choice" 	Class 29 - Packaging frozen seafood, frozen appetisers consisting primarily of chicken and chicken nuggets	Application provisionally refused ⁽³⁾ / 22 December 2023 ⁽²⁾	Malaysia

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

Notes:

- (1) *After a substantive examination of the application for registration of trademark, MyIPO had on 30 May 2024 issued a notice of provisional refusal to the application, citing similarities to other earlier trademarked brands. In response to the notice of provisional refusal, SCRB has submitted a written appeal to MyIPO on 9 July 2024 giving reasons to support the application for reconsideration by MyIPO.*
- (2) *Barring any unforeseen circumstances, the trademarks should be registered within 1 year from their respective dates of filing of the application, but the actual duration may vary depending on the processing speed of MyIPO in approving the application. However, in view of the provisional refusal of the application and the written appeal submitted to MyIPO, the registration process of the trademarks will now take a longer period, depending on the outcome of the appeal. The appeal process generally takes at least 12 months from their respective dates of filing of the appeal. The trademark agents / lawyers engaged by SCRB are of the opinion that while the chances of success for the appeals depend on the extent of use of the trademarks and evidence submitted, SCRB has a good chance of success given its business reputation in the industry. Nevertheless, pending the outcome of the appeals, SCRB is allowed to use all its trademarks for its business.*
- (3) *After a substantive examination of the application for the registration of a trademark, MyIPO had on 25 June 2024, issued a notice of provisional refusal to the application, citing a lack of distinctive features in the trademark. In response to the notice of provisional refusal, SCRB has submitted its appeal to MyIPO on 21 August 2024 giving reasons to support the application for reconsideration by MyIPO.*

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7. BUSINESS OVERVIEW (CONT'D)

7.23 PROPERTIES

7.23.1 Properties owned by our Group

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

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Permitted use of land / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
1.	SCS	Provisional Lease Lot 842, Block 7, Muara Tebas Land District / Lorong Demak Laut 3A, Demak Laut Industrial Park, Kuching, Sarawak	3 Storey office cum warehouse / office and warehouse	Town Land / For industrial purposes only / 60 years expiring 20.09.2054	(1) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys (2) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease	Occupation Permits dated 06.05.2021 and 03.07.2024	7,720.0 / 3,226.2	9,824
					Charged to United Overseas Bank (Malaysia) Berhad			

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Permitted use of land / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
2.	SCS	Provisional Lease Lot 919, Block 7, Muara Tebas Land District / Demak Laut Warehouse	Two (2) detached industrial buildings – offices and two (2) warehouses / office and warehouse	Town Land / For industrial purposes only / Leasehold of 60 years expiring 12.02.2054	(1) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys (2) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease	Occupation Permits dated 28.06.1996, 17.11.2003, 28.12.2007 and 26.07.2018	8,440.0 / 4,579.9	2,931
3.	SCS	Lot 14890 Section 65, Kuching Town Land District (formerly Plot 11) / Survey Lot 14890 Block B, Jalan Semariang, Kuching	Three (3) storeys intermediate shophouses / Rented out to third party ⁽¹⁾	Town Land / For commercial purposes only / Leasehold of 60 years expiring on 26.01.2081	None / Charged to Overseas Bank (Malaysia) Berhad	Occupation Permit dated 06.08.2019	122.9 more or less / 301.5	1,170
4.	BFL	Lot 1541, Block 3 Miri Concession Land District / Jalan Piasau Utara 3 Piasau Utara Light Industrial Estate	Two (2) storeys clustered industrial building / Rented out to third-party for cold storage warehouse ⁽⁴⁾	Town Land / For industrial purposes only / Leasehold of 60 years expiring on 10.01.2054	None / None	Two Occupation Permits dated 21.04.1994 and 02.04.2018	343.7 more or less / 458.1	293

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Permitted use of land / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
5.	BFL	Lot 1248 Block 5 Kuala Baram Land District	Two (2) storeys detached industrial warehouse cum office / Office and warehouse	Town Land / For office and warehouse / Leasehold of 60 years expiring on 14.08.2056	(1) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and (2) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the 15 th day of August, 1996 /	Occupation Permit dated 22.10.2020	2,996.0 / 1,253.0	4,649
					Charged to AmBank (M) Berhad			
6.	BFL	Lot 14891 Section 65 Kuching Town Land District	Three (3) storeys intermediate shophouse / Rented out to third-party ⁽²⁾	Town Land / To be used for commercial purposes only / Leasehold of 60 years expiring on 26.01.2081	None / Charged to United Overseas Bank (Malaysia) Berhad	Occupation Permit dated 06.08.2019	122.9 more or less / 301.5	1,210
7.	SFS	Lot 1476 Block 12 Muara Tebas Land District	Double storey semi-detached industrial building / Warehouse	Town Land / To be used for industrial purposes / Perpetuity	None / None	Occupation Permit dated 17.09.2007	1,054.1 more or less / 610.2	1,269
8.	SFS	Lot 14889 Section 65 Kuching Town Land District ⁽³⁾	Three (3) storey corner terrace shophouse /	Town Land / To be used for commercial purposes only / Leasehold of 60 years expiring on 26.01.2081	None / Charged to United Overseas Bank (Malaysia) Berhad	Occupation Permit dated 06.08.2019	125.5 more or less / 309.7	1,302

7. BUSINESS OVERVIEW (CONT'D)

No.	Registered owner	Title details / Property address	Description and Existing Use	Category of land use / Permitted use of land / Tenure of property	Restrictions in interest / Material encumbrances	Date of Occupation Permit	Land / Gross built-up area (sq m)	NBV as at 30 September 2023 (RM'000)
			Rented out to third party ⁽³⁾					
9.	SFS	Lot 1201, Block 7, Muara Tebas Land District / Lorong Demak Laut 5, Demak Laut Industrial Park	Detached Industrial Building - Office and Warehouse / This property is currently vacant and is intended to be used for value added services for our products in the future	Town Land / To be used only for industrial purposes / Leasehold of 60 years expiring on 13.10.2056	(1) No transfer affecting this land may be effected without the consent in writing of the Director of Lands and Surveys; and (2) No sublease affecting this land may be effected without the consent in writing of the Director of Lands and Surveys during the initial period of five (5) years from the date of registration of this lease	Occupation Permit dated 28.10.1998	1,600.0 / 610.2	539

Notes:

- (1) *The property is currently rented out to third parties. The ground floor is rented to Holiyo Laundry Sdn Bhd pursuant to the tenancy agreement dated 1 August 2019 between SCS and Holiyo Laundry Sdn Bhd. The first floor is rented to Eco-Shop Marketing Sdn Bhd pursuant to the tenancy agreement dated 20 September 2021 between SCS and Eco-Shop Marketing Sdn Bhd, while the second floor is rented to Hydratechs Company pursuant to the extension of rental agreement dated 15 May 2023 between SCS and Hydratechs Company.*
- (2) *The property is currently rented out to third parties. The ground floor is rented to Chai Woon Khiong under a rental agreement dated 3 December 2019 between BFL and Chai Woon Khiong. The first floor is rented to Anzor Enterprise pursuant to the tenancy agreement dated 18 February 2022 between BFL and Anzor Enterprise, while the second floor is currently rented to Ashari bin Hamdan pursuant to the tenancy agreement dated 2 September 2024.*

7. BUSINESS OVERVIEW (CONT'D)

- (3) *The property is currently rented out to third parties. The ground floor is rented to Then Kian Chong pursuant to the tenancy agreement dated 26 July 2019 between SFS and Then Kian Chong. The first floor is currently vacant, while the second floor is rented to Borneo Innovative Builders Sdn Bhd pursuant to the tenancy agreement dated 10 November 2020 between SFS and Borneo Innovative Builders Sdn Bhd.*
- (4) *The property is currently rented out to Precious Food Products Sdn Bhd pursuant to the tenancy agreement dated 26 November 2021 between BFL and Precious Food Products Sdn Bhd.*

7.23.2 Properties rented by our Group

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

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7. BUSINESS OVERVIEW (CONT'D)

7.24 COMPLIANCE WITH RELEVANT LAWS, REGULATIONS AND REQUIREMENTS

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

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

No. 1 (The installation of a worker's lift next to the emergency exit stairs without approval from Fire and Rescue Department Malaysia ("BOMBA"))	
Nature of past non-compliance	<p>BOMBA had, on 4 December 2023, issued a fire hazard abatement notice to SCS, notifying that the installation of a worker's lift adjacent to the emergency exit stairs in the office building on Lot 842 might disrupt the passive fire protection system at the premises, and therefore, called for the as-built architecture plans of the building to be submitted to BOMBA within 180 days from the date of the said notice, which shall fall due on 1 June 2024</p> <p>The installation of a worker's lift next to the emergency exit stairs in the office building situated on Lot 842 (registered under our subsidiary SCS, was found to have not been included in and did not form part of the original architecture plans that were submitted to and approved by BOMBA.</p> <p>The workers' lift functions as a passenger lift and was installed for the private use of our Company's employees including directors and invited guests, particularly to provide access and convenience to persons with physical disability or with limited mobility.</p> <p>The worker's lift measures 110cm in width, 147cm in length and 281cm in height, and has a capacity for 5 persons with a maximum load of 400kg.</p>
Status as at LPD	<p>As at the LPD, the architects have resubmitted the revised architectural plan incorporating BOMBA's request to include a lift lobby (protected brick wall that encapsulates the lift lobby) to Dewan Bandaraya Kuching Utara ("DBKU"), Land & Survey Department of Sarawak, Kuching Division, and BOMBA. On 1 March 2024, BOMBA, through a letter to DBKU dated 1 March 2024, confirmed receipt of the revised architectural plan.</p> <p>BOMBA and Land and Survey Department of Sarawak, Kuching Division have verbally informed DBKU on their non-objection on the revised architecture plan. Subsequently, on 3 May 2024, an approval letter granting approval for the revised architecture plan was issued by DBKU. Once approval for the revised architecture plan was obtained from DBKU, the construction of the lift lobby was commenced.</p> <p>Thereafter, upon completion of the construction of the lift lobby, an inspection was carried out by BOMBA on 28 May 2024 and BOMBA has subsequently issued a letter dated 29 May 2024 to DBKU, in support of the issuance of a new occupation permit to the existing office building cum warehouse located on Lot 842 which includes the lift and lift lobby. This was followed with an inspection of the same by DBKU on 19 June 2024. DBKU then issued a new occupation permit dated 3 July 2024 to the office building located on Lot 842 which then marked the close of this non-compliance issue.</p>
Potential maximum penalty	<p>Under Section 13(5) of the Fire Services Act 1988 ("FSA"), the penalty which may be imposed upon conviction is a fine not exceeding RM5,000, or imprisonment for a term not exceeding 3 years or to both, and a further fine of RM100 for each day during which the offence is continued after the conviction.</p>

7. BUSINESS OVERVIEW (CONT'D)

No. 1 (The installation of a worker's lift next to the emergency exit stairs without approval from Fire and Rescue Department Malaysia ("BOMBA"))	
Measures taken by our Group to avoid reoccurrence of the non-compliance	Our Group will seek professional advice and assistance from experts and independent professional advisers regarding building compliance as well as providing us with updates on applicable laws from time to time. When necessary, we will engage professionals to provide training to our management and employees on matters relating to building requirements. This will enhance their knowledge and mitigate reoccurrences of non-compliance.
Estimated time and cost for rectification	This matter has been resolved pursuant to the issuance of the new occupation permit dated 3 July 2024 by DBKU. The cost of construction of the lift lobby incurred by SCS was approximately RM100,000, of which SCS has fully settled.
Impact to business operations or financial conditions	SCS has only incurred the cost of construction of the lift lobby, which is approximately RM100,000 and this is immaterial to our Group's business operations and financial performance. As at the LPD, our Group has not experienced any material adverse impact on their business operations nor been imposed with any penalties arising from such non-compliance. Further, pursuant to the resolution of this non-compliance, it is not expected to have any material adverse impact on the overall business operations and / or financial condition of our Group. Since the worker's lift is a passenger lift designed to ferry passengers only, and not a service or goods lift designed to move goods and materials, palettes and heavy loads between floors, the worker's lift is not material to the business operations of our Group.

No. 2 (The issuance of 6 fire hazards abatement notices by BOMBA to SCS, notifying the presence of 6 fire hazards on the premises situated on Lot 919)	
Nature of past non-compliance	Pursuant to Section 8 of the FSA and subsequent to an inspection carried out by BOMBA on 24 January 2024, BOMBA had on 26 January 2024, issued 6 fire-hazard abatement notice to SCS, notifying the presence of fire hazards, namely: <ul style="list-style-type: none"> • faulty isolator switch which might result in the inability to cut off the power supply during a fire; • faulty fire curtain at the generator set room located at Block A of the premise on Lot 919, potentially impacting the proper functioning of the fixed gas installation system within the room; • faulty emergency exit sign at the ground floor of Block A of the premise on Lot 919, which might cause difficulty in self-evacuation in the event of a fire; • the replacement of a fire door with a regular door on the ground floor exit of Block A, which would impede self-evacuation in the event of a fire; • the replacement of a fire door with a regular door on the first-floor exit of Block A, as the fire door might impede self-evacuation in the event of a fire; and • storing or placing items on the staircase located at the ground floor of Block A on the premise situated on Lot 919, which might cause hindrance for self-evacuation in the event of a fire. <p>As stipulated in the fire hazard abatement notices from the BOMBA, the abovesaid fire hazards are required to be abated within 90 days from the date of each of the notices.</p>

7. BUSINESS OVERVIEW (CONT'D)

No. 2 (The issuance of 6 fire hazards abatement notices by BOMBA to SCS, notifying the presence of 6 fire hazards on the premises situated on Lot 919)	
Status as at LPD	All 6 fire-hazards have been rectified, and following this rectification, an inspection has been conducted by BOMBA. Subsequently, an official letter of clearance has been issued by BOMBA on 2 May 2024.
Potential maximum penalty	Under Section 13(5) of the FSA, the penalty which may be imposed is a fine not exceeding RM5,000 or imprisonment for a term not exceeding 3 years or to both and a further fine of RM100 for each day during which the offence is continued after the conviction.
Measures taken by our Group to avoid reoccurrence of the non-compliance	Our Group will regularly conduct thorough inspections of our building premises to mitigate the occurrence of fire hazards. We will also seek assistance from experts and independent advisers to provide advice on safety measures to prevent the occurrence of fire hazards. Additionally, we may provide training on fire hazard matters to our management and employees where necessary, to enhance their knowledge and mitigate reoccurrences of non-compliance.
Estimated time and cost for rectification	This matter has been resolved pursuant to the issuance of the letter of clearance by BOMBA on 2 May 2024. The cost for the rectification for all the above non-compliances was approximately RM4,900, of which SCS has fully settled.
Impact to business operations or financial conditions	SCS has only incurred the cost for the rectification, which is approximately RM4,900 and is immaterial to our Group's business operations and financial performance. As at the LPD, our Group has not experienced any material adverse impact on their business operations nor been imposed with any penalties arising from such non-compliance. Further, pursuant to the resolution of this non-compliance, it is not expected to have any material adverse impact on the overall business operations and / or financial condition of our Group.

No. 3 (Non-compliances by our Company and our subsidiaries, namely SCS, BFL, STSB and Supreme Trading in respect of the Income Tax (Deduction from Remuneration) Rules ("ITR") 1994 / Monthly Tax Deduction ("MTD") and Income Tax Act ("ITA") 1967)											
Nature of past non-compliance	The respective companies within our Group did not comply with certain provisions in the ITR 1994 and ITA 1967, details of which are as follows: <table border="1" data-bbox="479 1381 1409 1850"> <thead> <tr> <th>Company</th> <th>Category / Law or Regulation</th> <th>Description of non-compliances</th> <th>Penalty amount (RM)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">SCRB</td> <td rowspan="2">Understatement of MTD / Rule 17 of ITR 1994</td> <td>Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries and directors' fees for the Year of Assessment ("YA") 2018</td> <td>6,244.68</td> </tr> <tr> <td>Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries for YA 2019.</td> <td>800.00</td> </tr> </tbody> </table>	Company	Category / Law or Regulation	Description of non-compliances	Penalty amount (RM)	SCRB	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries and directors' fees for the Year of Assessment ("YA") 2018	6,244.68	Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries for YA 2019.	800.00
Company	Category / Law or Regulation	Description of non-compliances	Penalty amount (RM)								
SCRB	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries and directors' fees for the Year of Assessment ("YA") 2018	6,244.68								
		Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries for YA 2019.	800.00								

7. BUSINESS OVERVIEW (CONT'D)

No. 3 (Non-compliances by our Company and our subsidiaries, namely SCS, BFL, STSB and Supreme Trading in respect of the Income Tax (Deduction from Remuneration) Rules ("ITR") 1994 / Monthly Tax Deduction ("MTD") and Income Tax Act ("ITA") 1967)				
		Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to underestimation of interest income earned for YA 2019	1,770.22
	SCS	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' bonus for YA 2018	2,589.19
	BFL	Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' fee for the YA 2019	2,554.81
			Understated monthly tax deduction due to inaccurate computation of tax in relation to benefit-in-kind, staff bonus and staff salaries for the YA 2020	1,600.00
			Understated monthly tax deduction due to inaccurate computation of tax in relation to directors' fee for the YA 2021	1,200.00
	STSB	Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to underestimation of revenue earned for YA 2020	1,232.34
		Understatement of MTD / Rule 17 of ITR 1994	Understated monthly tax deduction due to inaccurate computation of tax in relation to staff salaries for YA 2021 and YA 2022	200.00
	Supreme Trading	Underestimation of tax payable / Section 107C(10) of ITA 1967	Underestimation of tax payable due to overestimation of deductible expenses for YA 2023	44.83
	Total			18,236.07

7. BUSINESS OVERVIEW (CONT'D)

No. 3 (Non-compliances by our Company and our subsidiaries, namely SCS, BFL, STSB and Supreme Trading in respect of the Income Tax (Deduction from Remuneration) Rules ("ITR") 1994 / Monthly Tax Deduction ("MTD") and Income Tax Act ("ITA") 1967)	
Status as at LPD	As at the LPD, all tax penalties imposed by IRB have been fully settled. ⁽¹⁾
Measures taken by our Group to avoid reoccurrence of the non-compliance	<p>For the non-compliance of understatement of MTD, our Group is enhancing our Human Resource employment procedures to include guidelines on statutory contributions. These guidelines encompass relevant remuneration subject to monthly tax deduction, ensuring that accurate computations are made and contributions are made on a timely basis.</p> <p>Additionally, our Group has prepared and is maintaining a list of benefits-in-kind with the Human Resource Executive. Benefits-in-kind provided to directors and employees have been updated in the Million Payroll System according to the list to ensure the completeness of statutory contributions made during monthly payroll processing. The list of benefits-in-kind will be reviewed and updated periodically to align with any new guidelines or amendments issued by the IRB, ensuring compliance with regulatory requirements.</p> <p>For the non-compliance of underestimation of tax, our Group will continue to hold regular internal meetings between the sales and finance departments to discuss and identify any significant changes in financial estimates / projections that may entail significant tax impacts. These meetings are conducted to ensure that information is obtained and received by our finance department in a timely manner to estimate profits as accurately as possible, thereby avoiding significant underestimation of tax. This will also enable our Group to manage cash flow more effectively and efficiently, ensuring timely settlement of tax liabilities.</p> <p>Further, we will seek professional advice and assistance from experts and other professional advisers regarding matters relating to tax and statutory contributions compliance to keep us updated on applicable laws from time to time. Where required, we will also engage professionals to provide training to our management and employees to enhance knowledge and mitigate reoccurrences of non-compliance.</p>
Estimated time and cost for rectification	Pursuant to the settlement of the said penalties by our Group, no further actions are necessary from our Group.
Impact to business operations or financial conditions	Pursuant to the settlement of the tax penalties by our Group, there is no material adverse impact on the overall business operations and / or financial condition of our Group.

Note:

- (1) *On 12 January 2023, the IRB has issued a letter to SFS, requesting the necessary information and documentation for the MTD audit process to ensure compliance with the ITA 1967. As at the LPD, this is not a non-compliance as the matter remains unresolved with no conclusive result and no penalties imposed. Our Company has been regularly following up with IRB on the status of the MTD audit by way of telephone calls and email correspondences. Our Company expects the ongoing MTD audit by IRB to conclude upon obtaining response from the IRB on the MTD audit.*

Since the matter is still ongoing with no conclusive result, it is not a non-compliance, and therefore there is no material adverse impact on the overall business operations and / or financial condition of our Group.

7. BUSINESS OVERVIEW (CONT'D)

No. 4 (The installation and display of the Company's business name signboard at the façade of our office building located on Lot 842 and Lot 1248 without obtaining prior licence from the respective local authorities, DBKU and Miri Municipal Council)	
Nature of past non-compliance	The installation and display of the business name signboard "SUPREME CONSOLIDATED RESOURCES BERHAD" at the façade of the office building installed on Lot 842 and "BORNEO FOOD LAND COLDSTORAGE SDN BHD" installed at the façade of the office building on Lot 1248 was without licence from the respective local authorities, DBKU and Miri Municipal Council.
Status as at LPD	As at the LPD, licences for the display of the above business name signboard have been obtained from DBKU on 24 August 2023 and Miri Municipal Council on 19 April 2023.
Measures taken by our Group to avoid reoccurrence of the non-compliance	Our Group will proactively seek professional advice and assistance from advisers for any future installation of signboards or business names on our building premises. This is to ensure compliance with applicable laws and regulations. We will also engage independent advisers to keep us updated on changes to the law. Where required, we will also engage professionals to provide training to our management and employees to enhance knowledge and mitigate reoccurrences of non-compliance.
Estimated time and cost for rectification	Pursuant to the issuance of the licences on 24 August 2023 and 19 April 2023 respectively, no further action is required, other than renewing the licence on or before the expiry of the respective licence.
Impact to business operations or financial conditions	Having obtained the licence on 24 August 2023 and 19 April 2023, there is no contravention of the By-Laws, and therefore, there is no adverse impact to the business operations or financial conditions of our Group.

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7. BUSINESS OVERVIEW (CONT'D)

No. 5 (Contravention of section 9 of the Veterinary Public Health Ordinance 1999 of Sarawak ("VPHO") by SCS and SFS due to the erroneous application for permit to import and importation of products not complying with the term and condition of the permit licence)				
Nature of past non-compliance	The details of the non-compliance to the VPHO by SCS and SFS are as follows:			
	Company	Description of compound	Compound amount (RM)	Status as at the LPD
	SFS	Importing animal product which is butter, not in accordance with the terms and conditions of the import licence applied earlier, due to the arrival of goods preceding the permit-approved date.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 14 April 2021
		Importing animal product which is butter, not in accordance with the terms and conditions of the import licence applied earlier, due to the arrival of goods preceding the permit-approved date.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 21 October 2022
	SCS	Importing animal product not in accordance with the terms and conditions of the import licence applied earlier.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 8 August 2019
		Importing animal product which is meat ball not in accordance with the terms and conditions of the import licence applied earlier.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 5 February 2020.
		Importing animal product which is beef meatball, not in accordance with the terms and conditions of import licence applied earlier, due to an insufficient quantity of import permits	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 29 July 2020
		Erroneous application for permit to import. The items that were declared were frozen mutton, but the items stated in the import permit were frozen beef.	5,000	Resolved, compound paid to Department of Veterinary Services Sarawak on 7 July 2023.
	Total		30,000	

7. BUSINESS OVERVIEW (CONT'D)

No. 5 (Contravention of section 9 of the Veterinary Public Health Ordinance 1999 of Sarawak (“VPHO”) by SCS and SFS due to the erroneous application for permit to import and importation of products not complying with the term and condition of the permit licence)	
Status as at LPD	As at the LPD, SFS and SCS have respectively settled all the compounds issued to them by the Department of Veterinary Services Sarawak.
Measures taken by our Group to avoid reoccurrence of the non-compliance	Our Group will engage with experts or professional advisers who specialise in regulatory compliance to ensure thorough understanding and adherence to the application requirements for permit to import. Where applicable, our Group will also provide training sessions for staffs that are involved in import processes to enhance their knowledge of permit requirements and procedures, reducing the likelihood of errors in applications to mitigate reoccurrences of non-compliance.
Estimated time and cost for rectification	Pursuant to the settlement of the compounds, no further action is required from our subsidiaries, SFS and SCS.
Impact to business operations or financial conditions	With the settlement of the compounds on or before the respective stipulated dates, there are no other actions taken by the Department of Veterinary Services Sarawak, and therefore, there are no adverse impact to the business operations or financial conditions of our Group.

7.25 ENVIRONMENT, SOCIAL AND GOVERNANCE

Our Group is committed to achieving sustainability goals to build environment and social responsibilities, and effective corporate governance into all aspects of our business and operations. We believe in staying transparent, innovative and continue to stay relevant are keys to driving a sustainable business.

Sustainability Scope and Frameworks

Our Group will develop our sustainability framework based on the following frameworks and standards:

- Bursa Securities’ ACE Market Listing Requirements for Sustainability;
- Bursa Securities’ Sustainability Reporting Guide (3rd Edition); and
- MCGG.

Our main objective is to foster sustainable development among our stakeholders by providing accessible and renewable energy, fostering innovation, and empowering our employees and the community. As a responsible public governance organisation, we are fully committed to promoting sustainability and actively leading positive change as a global citizen.

Our Group is committed to establishing an organisation that prioritises sustainable development for the betterment of both the community and stakeholders. This statement emphasises our unwavering commitment to adopting impactful practices, initiatives, and endeavours that address the impact of our operations on the local economy, environment, society, and governance. We persistently strive to enhance our performance in these domains, ensuring that our actions contribute positively to a sustainable future.

7. BUSINESS OVERVIEW (CONT'D)

Our Board has the collective and overall responsibility for reviewing, approving and managing the ESG related policies, targets and strategies for our Group. Our Executive Committee (“EXCO”) is responsible to oversee the development and implementation of sustainability strategies. The EXCO also oversees the business plans, compliance and governance frameworks and key initiatives of our Group having regard to sustainability considerations. The development and implementation of sustainability strategies across our businesses are undertaken by our senior management who shall report to our EXCO.

(a) Environmental

We strive to improve our environment by reducing the carbon footprint of our operational activities to the nature.

- We consider sustainability risks and opportunities, including climate-related risks and opportunities as part of our governance, risk management and strategic and planning framework.
- We prioritise energy efficiency and emission reduction by implementing relevant technologies and best practices for our fleet and equipment, and promoting good environmental practices across the supply chain, where practicable.
- We prioritise suppliers who adhere to ethical and sustainable practices, and we will encourage them to reduce their own environmental impacts.
- We promote responsible sourcing, favouring products and materials with lower environmental impacts and better social outcomes.
- We work with partners to minimise waste, improve transportation efficiency, and jointly contribute to a more sustainable logistics network.
- We inculcate behaviour that supports the building of environmentally sustainable practices among our employees.

(b) Social

We are committed to providing a safe and inclusive workplace that empowers our employees to contribute positively to sustainability efforts. We will also actively engage in efforts that contribute to the well-being of the communities.

- We place a strong emphasis on the safety and health of our employees by forming a safety and health committee to oversee safety and health matters and to mitigate any associated safety and health risks at our workplace.
- We are committed in providing safety and health related trainings annually to increase the level of safety and health awareness among all employees.
- We practice gender equality and cultural diversity with equal opportunities for employment, career development and advancement in pay to attract and retain our employees.
- We provide training for our employees on personal development, skill enhancements, regulatory and compliance updates to ensure they are able to upskill themselves or maintain their good standards in carrying out their duties.

7. BUSINESS OVERVIEW (CONT'D)

- We plan and organise Corporate Social Responsibility activities where our employees contribute to the society, particularly the underprivileged or vulnerable groups, by conducting visits, having interactions and providing support through donations of essential goods, food or cash.

(c) Governance

We acknowledge the importance of good corporate governance in order to promote business prosperity and corporate accountability with the objective of realising long-term shareholder value while taking into consideration the interest of our stakeholders

- We shall act ethically and with integrity in all our business dealings and relationships with our stakeholders.
- We ensure strict compliance with various rules and regulations including but not limited to the Act and other relevant laws.
- We are committed to achieve and sustain high standards of corporate governance according to the MCCG, i.e. ethical behaviour, accountability, transparency and sustainability.
- We develop and continuously enhances our Group's compliance and ethics programme as the framework for enhancement and monitoring of good business ethics and conduct of employees and other stakeholders, including the Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblowing policy.

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8. INDEPENDENT MARKET RESEARCH REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
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67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

01 OCT 2024

The Board of Directors
SUPREME CONSOLIDATED RESOURCES BHD
Lot 919, Block 7, Muara Tebas Land District
Demak Laut Industrial Park
93050 Kuching
Sarawak
Malaysia.

Dear Sirs,

Independent Market Research Report on the Outlook of the Food, Beverages and Discretionary Products Distribution Services Industry in Sarawak in conjunction with the Listing of SUPREME CONSOLIDATED RESOURCES BHD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this independent market research report on the Outlook of the Food, Beverages and Discretionary Products Distribution Services Industry in Sarawak for inclusion in the Prospectus of SUPREME CONSOLIDATED RESOURCES BHD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics.

No part of this publication may be copied, reproduced, published, distributed, transmitted or passed, in whole or in part, without the prior express written consent of PROVIDENCE.

For and on behalf of PROVIDENCE:

A handwritten signature in black ink, appearing to read 'Elizabeth Dhoss'.

ELIZABETH DHOSS
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent research and consulting firm based in Petaling Jaya, Selangor, Malaysia. Since our inception in 2017, PROVIDENCE has been involved in the preparation of independent market research reports for capital market exercises. Our reports aim to provide an independent assessment of industry dynamics, encompassing aspects such as industry performance, demand and supply conditions, competitive landscape and government regulations.

About ELIZABETH DHOSS:

Elizabeth Dhoss is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Elizabeth Dhoss holds a Bachelor of Business Administration from the University of Malaya, Malaysia.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

1 FOOD, BEVERAGES AND DISCRETIONARY PRODUCTS DISTRIBUTION SERVICES INDUSTRY IN SARAWAK

1.1 INTRODUCTION AND BACKGROUND

Distribution services are activities involving in the efficient movement of goods and services from manufacturers to customers and end consumers. Distributive trade is the intermediary stage comprising all linkages and activities that channel consumer packaged goods for resale or to end consumers or users. Goods passing through the distributive trade are typically sold either without processing or with minimal processing. Operators within the distributive trade may physically breakbulk, sort, grade, mix, pack or repack. Additionally, distributive trade operators may sell directly to end consumers or users and/or other intermediaries who subsequently resell to end consumers or users. In some situations, manufacturers, producers and processors may also sell their goods directly to end consumers or users.

The distributive trade is segmented into wholesale and retail trade. Wholesale trade refers to the resale of goods to resellers, such as retailers or other wholesalers. Retail trade refers to the resale of goods mainly to the end-consumer or users. In some situations, wholesale trade also involves the sales of goods to industrial, commercial, institutional and professional users.

Food and beverages are mass-produced consumer goods that are non-durable, relatively low cost and are consumed or used frequently by consumers or households. This excludes fresh food, produces and products without packaging. As most of these food and beverage items are consumed or used relatively quickly, they are also referred to as fast-moving consumer goods.

Discretionary products are items for which its consumption is not essential or necessary, but rather related to the satisfaction of fulfilling a want or desire.

The key participants in the distribution of food, beverages and discretionary products comprise:

- Principals are mostly brand owners and are responsible for the exclusive supply of products under their brand names. Principals may either manufacture their products, appoint contract manufacturers to manufacture their products or buy finished products which are packed under their brand names; and
- Intermediaries are operators that provide linkages between principals and end-consumers or users. Intermediaries in the food and beverages supply chain include wholesalers and retailers.

It is critical for food, beverages and discretionary products to reach as wide a market coverage of consumers as possible.

Supreme Consolidated Resources Bhd provides market access and coverage for consumer products in Sarawak and Sabah, where it is principally involved in the distribution of a wide range of third-party brands as well as its own brand of Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products.

1.2 INDUSTRY SIZE AND GROWTH

The food, beverage and discretionary products distribution services industry in Sarawak, based on the gross domestic product (“GDP”) of wholesale and retail trade, food and beverage and accommodation services, increased from RM14.6 billion in 2018 to RM15.8 billion in 2022¹ at a compound annual growth rate (“CAGR”) of 2.0%. Based on PROVIDENCE’s findings from primary and secondary research, the distribution of food and beverage products comprised approximately 35.0% while the distribution of discretionary products comprised approximately 7.0% of the GDP of wholesale and retail trade, food and beverage and accommodation services in 2022. For clarity, the distribution of non-food and beverage products such as household and commercial cleaning products fall under discretionary products. Thus, the industry size of the distribution of food, beverage and discretionary products increased from an estimated RM6.1 billion in 2018 to an estimated RM6.7 billion in 2022² at a CAGR of 2.0%.

In 2020, the food, beverage and discretionary products distribution services industry in Sarawak, as indicated by the GDP of wholesale and retail trade, food and beverage and accommodation services, was RM14.2 billion, a contraction of 9.0% from the RM15.6 billion in 2019. This contraction is attributable to the COVID-19 pandemic which affected economic and business activities throughout the state. Nonetheless, in line with improving vaccination rates and the gradual reopening of the economy, the food, beverage and discretionary products distribution services industry in Sarawak began showing signs of recovery in 2021 and 2022 respectively. In

¹ Latest publicly available statistics from the Department of Statistics Malaysia

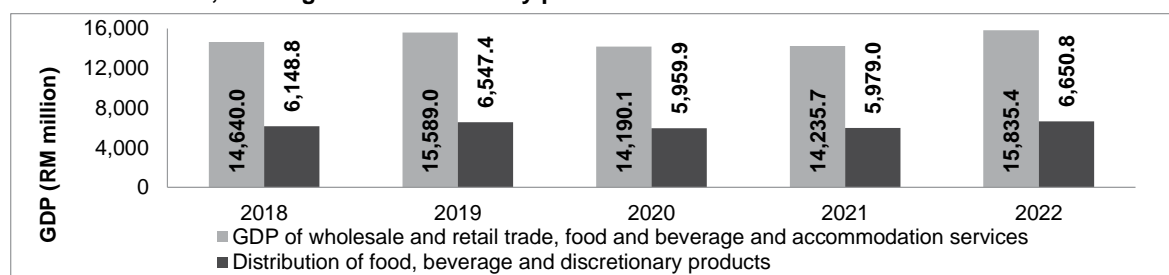
² Latest publicly available statistics from the Department of Statistics Malaysia

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

particular, the food, beverage and discretionary products distribution services industry in Sarawak registered a year-on-year growth rate of 11.2% in 2022 compared to 2021.³

PROVIDENCE projects the food, beverage and discretionary products distribution services industry in Sarawak to increase from RM15.8 billion in 2022 to RM17.6 billion in 2026 at a CAGR of 2.7%, taking into account the industry's historical growth rate as well as key growth drivers that support future demand for food, beverage and discretionary products.

Food, beverage and discretionary products distribution services in Sarawak



Source: Department of Statistics Malaysia, Ministry of Finance, PROVIDENCE analysis

The growth in the food, beverage and discretionary products distribution services industry in Sarawak correlates to the:

- long term economic growth that supports positive consumer sentiment and spending on food, beverages as well as discretionary products;
- growth in population and economic affluence support demand for food, beverages as well as discretionary products;
- increasing expenditure on food, beverages as well as discretionary products supports its demand;
- growth in tourism and retail sectors that drive demand for food, beverage and discretionary products distribution services;
- foreign investment and domestic investment growth drive demand for food, beverages as well as discretionary products;
- growing halal food industry supports demand for food and beverage distribution services; and
- greater concerns for food security supports demand for food and beverage distribution services.

1.3 DEMAND CONDITIONS: KEY GROWTH DRIVERS

Long term economic growth supports positive consumer sentiment and spending on food, beverages as well as discretionary products

Economic growth is a catalyst for development and growth in the consumption of food, beverages as well as discretionary products. Between 2018 and 2019, Sarawak's wealth, as depicted by its GDP, increased from RM133.0 billion to RM136.8 billion at a growth rate of 2.8%. In 2020, all economic sectors registered a contraction in growth due to the COVID-19 pandemic. While the COVID-19 pandemic containment measures aided Malaysia's efforts to rein in the outbreak, the tighter operating procedures (such as operating hours, capacity limit on premise, activity restrictions), mobility restrictions and supply-chain disruptions affected economic activity. Additionally, most industries also faced weaker demand conditions both domestically and externally, which further weighed on production and business activities. As a result, Sarawak's GDP contracted by 6.7% in 2020 and GDP dipped to RM127.6 billion (2019: RM136.8 billion).

Sarawak's GDP registered a growth of 3.1% in 2021. The recovery momentum was affected by the reimposition of nationwide containment measures from June to September 2021, following a rapid resurgence of COVID-19 cases. However, unlike the movement restrictions in the second quarter of 2020, more essential economic sectors were allowed to operate, while businesses and households were better adapted to the containment measures and standard operating procedures. External demand also provided additional support to Sarawak's economic growth in 2021, as exports increased by 28.4% to RM86.2 billion during the year (2020: RM67.1 billion).

Sarawak's economy expanded by 6.5% in 2022 (2021: 3.1%) despite the challenges faced throughout the year. This was contributed by the full upliftment of containment measures, resilient growth in exports, particularly

³ Latest publicly available statistics from the Department of Statistics Malaysia

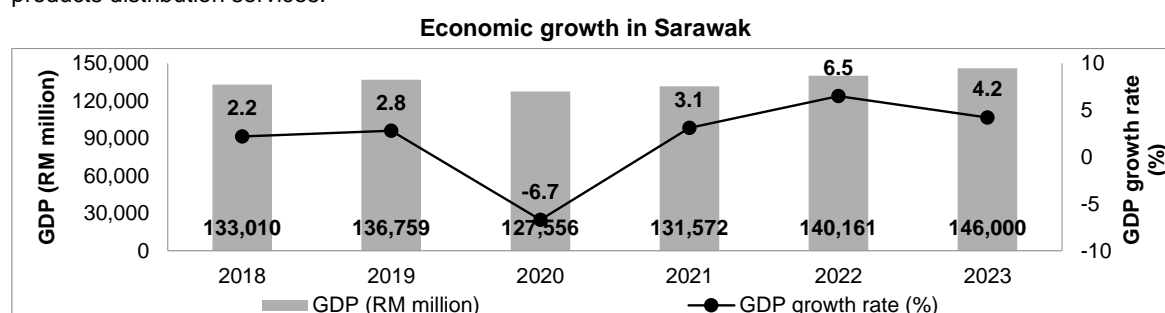
8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



commodity exports, revival of tourism activity and continued policy support. In particular, the reopening of Malaysia's international borders in April 2022 was a turning point for Sarawak's tourism sector which began welcoming back international tourists after two years of closure. The border reopening has revitalised Sarawak's tourism sector and encouraged investments in the tourism, hotels, retail as well as food and beverage sector, which ultimately has supported demand for food, beverage products as well as discretionary products such as household and commercial cleaning products. The economic resilience of Sarawak is further highlighted by the 4.0% to 5.0% GDP growth recorded in 2023, reaching RM146.0 billion, as compared to a 6.5% growth amounting to RM140.1 billion in 2022.⁴

According to Malaysia's Ministry of Finance, Malaysia's GDP is forecast to expand by between 4.0% and 5.0% in 2024. Malaysia's 2024 growth projection will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap, New Industrial Master Plan 2030, and the Mid-Term Review of the Twelfth Malaysia Plan.

Economic growth influences consumer sentiment and ultimately consumer spending on discretionary as well as non-discretionary items. Thus, Malaysia's long term economic growth will encourage consumer spending on food, beverages and discretionary products thereby supporting demand for food, beverage and discretionary products distribution services.



Source: Department of Statistics Malaysia, Ministry of Finance, PROVIDENCE analysis

Growth in population and economic affluence support demand for food, beverages as well as discretionary products

Sarawak's population has increased from 2.45 million persons in 2020 to 2.52 million persons in 2022 at a CAGR of 0.9%.

In line with the improving labour market, more people are joining the workforce and working longer hours. Consequently, this has increased demand for convenience. Compared to rural dwellers, urban residents have greater spending power and lead busier lives and thus, have greater propensity for a wide range of food options as well as non-food and beverage discretionary products such as cleaning products.

Between 2019 and 2022, the average gross household income in Sarawak increased from RM5,959 to RM6,457⁵ at a CAGR of 2.7%. During the same period, the average gross household income in Bintulu and Miri increased at higher CAGRs of 4.9% and 3.1% respectively, indicating the presence of more affluent populations in these districts.

Average gross household income by district in Sarawak

District	Average gross household income (RM)		CAGR (%)
	2019	2022	
Kuching	7,376	7,588	0.9
Miri	7,235	7,932	3.1
Bintulu	8,324	9,645	4.9
Sibu	6,140	6,645	2.6
Sarawak (overall)	5,959	6,457	2.7

Source: Department of Statistics Malaysia, PROVIDENCE analysis

⁴ TYT: Sarawak records strong economic growth RM146 bln in 2023 thanks to Premier's leadership, DayakDaily, 9 February 2024

⁵ Latest publicly available statistics from the Department of Statistics Malaysia

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

Collectively, the increase in population and average gross household income depicts a growing population that has increasing spending power. This is expected to support demand for industry players that are involved in distribution services for food, beverage as well as discretionary products.

Increasing expenditure on food, beverages as well as discretionary products supports its demand

Between 2019 and 2022, the total expenditure of households in Sarawak on food, beverage well as discretionary products (including cleaning products) increased from RM1,788 to RM2,034⁶ at a CAGR of 4.4%. Within the total food and beverages category expenditure group, the oils and fats; milk, cheese and eggs; meat and vegetables services segments have increased at CAGRs of 15.6%, 13.6%, 7.9% and 5.4% respectively, indicating that demand for these segments are growing faster than the overall food and beverages category as well as personal care, social protection and miscellaneous goods and services category expenditure group. Many of the items within these segments are Frozen and Chilled Food Products as well as Ambient F&B Products. The total personal care, social protection and miscellaneous goods and services expenditure group, which includes cleaning and hygiene products, increased at a CAGR of 3.4% during the same period. Growth in monthly household expenditure in Sarawak is primarily driven by urban households.

Composition of monthly household expenditure in Sarawak

Expenditure group	Urban			Rural			Total		
	2019 RM	2022 RM	CAGR %	2019 RM	2022 RM	CAGR %	2019 RM	2022 RM	CAGR %
Food and beverages	806	926	4.7	725	817	4.1	770	879	4.5
- Fish and seafood	149	180	6.5	145	161	3.6	147	172	5.4
- Meat	140	179	8.5	134	161	6.3	137	172	7.9
- Breads and cereals	93	82	-4.1	75	70	-2.3	85	77	-3.2
- Vegetables	84	99	5.6	81	93	4.7	82	96	5.4
- Other food products	73	82	4.0	65	72	3.5	70	78	3.7
- Coffee, tea, cocoa & non-alcoholic beverages	63	59	-2.2	57	61	2.3	61	60	-0.5
- Rice	55	53	-1.2	58	56	-1.2	56	54	-1.2
- Milk, cheese and eggs	50	72	12.9	39	57	13.5	45	66	13.6
- Fruits	49	57	5.2	36	41	4.4	43	50	5.2
- Oils and fats	25	38	15.0	19	28	13.8	22	34	15.6
- Sugar, jam, honey, chocolate and confectionery	24	24	0.0	17	17	0.0	21	21	0.0
Personal care, social protection and miscellaneous goods and services ^a	307	332	2.6	174	199	4.6	249	275	3.4
Total	1,918	2,183	4.4	1,625	1,833	4.1	1,788	2,034	4.4

Note:

^a Includes cleaning and hygiene products

Source: Department of Statistics Malaysia, PROVIDENCE analysis

Over the long term, higher disposable income and growing affluence among the urban and rural population will support demand for necessity and discretionary expenditure. This is expected to positively influence demand for distribution services of food, beverage as well as non-food and beverage discretionary products.

Growth in tourism and retail sectors drive demand for food, beverage and discretionary products distribution services

Tourism is a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal and/or business/professional purposes. These people are

⁶ Latest publicly available statistics from the Department of Statistics Malaysia

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which involve tourism expenditure

The tourism sector in Malaysia is an important economic sector that has experienced growth over the years and has been identified as a key driver for growth in the services sector. Tourism is a key source of foreign currency earnings for Malaysia, contributing to GDP growth, investment and employment as well as strengthening the services account in the nation's balance of payment. Malaysia's tourism industry encompasses leisure and business tourism, and includes the accommodation, shopping, tourism products, food and beverage as well as inbound and domestic transportation sub-sectors.

Sarawak's tourism receipts increased from RM8.1 billion in 2018 to RM8.7 billion in 2019 before Malaysia closed its international borders to curb the spread of the COVID-19 virus. After the World Health Organisation's declaration of COVID-19 as a pandemic on 11 March 2020, the Government imposed the movement control order ("MCO"), barring entry of international tourists beginning 18 March 2020. As a result, Sarawak's tourism receipts fell to RM3.4 billion in 2020 and RM1.9 billion in 2021. The reopening of Malaysia's international borders in April 2022 and the transition to the endemic phase of the pandemic supported growth of Sarawak's tourism industry, evidenced by the recovery in tourism receipts to RM5.4 billion in 2022⁷ (2021: RM1.9 billion).

Tourism receipts in Sarawak

	2018	2019	2020	2021	2022
Tourism receipts (RM million)	8,145	8,671	3,385	1,935	5,431

Source: Department of Statistics Malaysia, PROVIDENCE analysis

The retail of food and beverage products is provided by supermarkets, grocers, wholesalers and specialised food and beverage retailers. The foodservice industry encompasses activities involved in preparing and serving food and beverages to people consuming food away from home. This includes all types of restaurants, institutional food operations at locations such as schools and hospitals, other specialty vendors such as food truck operators and catering businesses. Together, these industries form a major customer base of food and beverage distributors.

In 2020, arising from the COVID-19 pandemic, at-home consumption of food and beverages increased while out-of-home consumption was severely affected by the containment measures and operating capacity restrictions imposed by the Government to curb the spread of the virus. Food delivery began gaining momentum in 2020 as the foodservice industry adapted to cope with pandemic-related restrictions and movement controls. The foodservice sector began showing recovery in the last quarter of 2021 as more consumers resumed dining-in. This recovery comes after a long period of decline in 2020 to early 2021 due to the COVID-19 pandemic where containment measures and operating restrictions were imposed to curb the spread of the virus.

The reopening of Malaysia's international borders in April 2022 and the transition to the endemic phase has supported and retail spending as it boosts human traffic at shopping malls. Several malls have begun strengthening their food and beverage lineup with new tenants, as well as introducing new eateries, lifestyle retail concepts and key supermarket chains which attract more end consumers of food and beverage products. The growth in Sarawak's retail industry is evidenced by the growth in shopping mall area, which increased from 930,584 square meters in 2018 to 1.1 million square meters in 2022 at a CAGR of 3.9%. The occupancy rates for shopping malls in Sarawak have been gradually recovering post COVID-19 pandemic in line with improving consumer sentiment and retail spending, as occupancy rates have risen from 73.9% in 2020 to 76.5% in 2023.

Supply of shopping malls and occupancy rates in Sarawak

	2018	2019	2020	2021	2022	2023	CAGR (%)
Area (square meters)	930,584	1,005,136	1,038,299	1,084,338	1,084,338	1,084,230	3.9
Occupancy rate (%)	Not available	80.5	73.9	76.0	76.9	76.5	

Source: National Property Information Centre, Department of Statistics Malaysia, PROVIDENCE analysis

The growth in the tourism, retail and foodservice sectors will positively impact the growth in demand for food, beverage and discretionary distribution services. As these sectors grow, the volume of food and beverage products required to satisfy end consumer demand increases, thereby supporting demand for food and beverage distribution services. Cleaning products are essential for maintaining the general hygiene and sanitisation of tourism, retail and foodservice establishments. Thus, growth in the tourism, retail and foodservice sectors will positively impact demand for cleaning products.

⁷ Latest publicly available statistics from the Department of Statistics Malaysia

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Foreign investment and domestic investment growth drive demand for food, beverages as well as discretionary products**

Malaysia recorded a total of RM329.5 billion worth of approved investments in the services, manufacturing and primary sectors in 2023 across 5,101 projects. From the total investments approved, foreign investments accounted for RM188.4 billion or 57.2%, while domestic investments accounted for RM141.1 billion or 42.8%. The services sector accounted for the largest share of the total investments in 2023, amounting to RM168.4 billion (51.1%), followed by the manufacturing sector with RM152.0 billion (46.1%) and the primary sector with RM9.1 billion (2.8%). Foreign investments comprised 34.4%, 84.5% and 22.0% of approved investments in the services, manufacturing and primary sectors respectively. During the year, the services sector comprised the information and communications (RM63.7 billion), real estate (RM61.0 billion), utilities (RM11.1 billion), distributive trade (RM11.1 billion) and support services (RM10.5 billion) segments. Malaysia's manufacturing sector, which attracted RM152.0 billion in approved investments, saw an 80.3% increase compared to 2022 (2022: RM84.3 billion). The electrical and electronics (RM85.4 billion), machinery and equipment (RM22.6 billion), chemicals and chemical products (RM8.9 billion), non-metallic mineral products (RM8.8 billion), transport equipment (RM7.1 billion) and plastic products (RM4.1 billion) industries collectively made up 89.5% of total approved investments for the manufacturing sector in 2023.⁸

Between 2018 and 2023, Sarawak has attracted domestic and foreign direct investments in utilities, education, shipbuilding, logistics, oil and gas services and equipment and basic metal products.

Approved manufacturing projects in Sarawak

	2018	2019	2020	2021	2022	2023
Total investment (RM million)	8,659.7	2,582.5	15,730.5	5,667.9	1,285.7	7,699.1

Source: Malaysian Investment Development Authority ("MIDA"), PROVIDENCE analysis

Sarawak registered total investments of RM21.4 billion in 2023, attributable to among others, initiatives under the Post COVID-19 Development Strategy (PCDS) 2030 and the introduction of green economy elements such as hydrogen and carbon trading. The manufacturing sector was the major contributor, followed by the primary sector and the services sector.⁹ The Government of Sarawak has announced several new investments in collaboration with foreign investors that aim to boost the state's economy. These include:

- In October 2023, China-based LONGi Green Energy Technology Co, Ltd held a groundbreaking ceremony for a new monocrystalline ingot manufacturing plant with a forecast investment of RM1.3 billion. This is the first solar manufacturing factory in Bintulu Samalaju Industrial Park;¹⁰
- In September 2023, Tan Sri Abang Johari Openg announced that two major manufacturing projects in Bintulu will be the cornerstones of Sarawak's green hydrogen economy, namely the H2biscus and H2ornbill projects which are expected to be operational in Bintulu Petchem Industrial Park in 2027. The H2biscus project is expected to produce 7,000 tonnes per annum of green hydrogen for domestic use; 600,000 tonnes per annum of blue ammonia; 630,000 tonnes per annum of green ammonia; and 460,000 tonnes per annum of green methanol for export. Sarawak is looking at Japan and Singapore as the export market. Sarawak Economic Development Corporation's subsidiary company SEDC Energy is working with Samsung Engineering, Posco Holdings and Lotte Chemicals in developing a green hydrogen derivative facility. SEDC Energy is collaborating with Japanese companies Sumitomo Corporation and Eneos on the H2ornbill project that will develop large-scale production of green hydrogen;¹¹
- Sarawak recorded RM16.7 billion worth of investments in the first three quarters of 2023. The newly-approved manufacturing investments included RM6.3 billion for graphite, RM769.0 million for chemicals and chemical products and RM62.0 million for steel pipes. The state had also received new investment proposals from foreign and domestic investors, among which included RM5.0 billion for components for electric vehicle batteries, RM2.6 billion for green metals and RM1.5 billion for medical gloves;¹² and
- Petroleum Sarawak ("Petros") will continue to drive the development of oil and gas industries, as part of the Post COVID-19 Development Strategy (PCDS) 2030. Petros is already participating in 17 blocks offshore Sarawak, and has started its drilling activities in Onshore SK433 and completed the subsurface studies in Limbang / Lawas area. Petros will continue to be actively involved in upstream projects, especially in

⁸ Malaysia Resilient Ascent – Securing Historic RM329.5 billion in Investments, Generating Close to 130,000 Jobs in 2023, MIDA

⁹ Sarawak records RM21.4 bil in investments last year - Sarawak Deputy Premier, NST, 6 March 2024

¹⁰ Longi Malaysia Breaks Ground on Its New RM1.3 Billion Bintulu Samalaju Plant, MIDA

¹¹ Two major hydrogen manufacturing projects in Bintulu to be cornerstones for Sarawak, says premier, Malay Mail, 4 September 2023

¹² Sarawak records over RM16bil in first three quarters of 2023, says Deputy Premier, The Star, 29 November 2023

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

rejuvenating onshore exploration and commercialisation. For the midstream and downstream projects, Sarawak is investing in its 10-year Sarawak Gas Roadmap, with four hubs namely in Bintulu, Samalaju, Miri and Kuching. From these four hubs, Petros will promote domestic gas utilisation across Sarawak by developing gas distribution infrastructure, promote petrochemical industries and provide sustainable, reliable and affordable energy to the household, commercial and industrial customers. The four key projects are gas to power in Miri; gas to power in Samalaju; pipeline from Kidurong to Samalaju; and Kuching Gas Hub, he said, adding that the state is currently developing gas distribution systems via VPA and pipeline, Gas Power Plants and Petrochemical complexes. Currently, Petros is planning to complete Miri Combined-cycle gas turbine (CCGT) and Samalaju Pipeline by 2027. Next, Sarawak will be developing the Kuching Gas Hub to promote and accelerate the development of gas-based industry in Kuching.¹³

Malaysia aims to attract quality investments, as this will be key in driving a more sustainable economic recovery for Malaysia and to achieve its aspirations of becoming a high-income nation. Foreign investment and domestic investment are important contributors to the country's economic growth and the Government has been proactive in encouraging growth based on productivity, innovation and shared prosperity in order for wages to continue rising. Foreign investment also plays an important role in supporting Malaysia's move to become a high-income technology-based economy.

Growth in investments create opportunities for greater employment, better affluence as well as improvement in the current living conditions of the population. Collectively, this contributes to more positive consumer sentiment and spending. Greater consumer spending on food, beverages and discretionary products creates growth opportunities for food, beverage and discretionary distribution services.

Growing halal food industry supports demand for food and beverage distribution services

Malaysia aspires to become a global hub for the production and trade of halal products and services, as outlined in the 2006 Third Industrial Master Plan. Typically, awareness and observance of halal has been the highest within food and beverage, making halal compliance in this area of great importance. Halal food and beverages refer to food and beverages which have been prepared as prescribed by the Islamic law. Halal food and beverages require that halal requirements are complied with at all stages of the production and supply chain, including procurement of raw materials and ingredients, logistics and transportation, as well as packaging and labelling.

Based on the Global Islamic Economy Indicator, Malaysia was ranked first in 2021, supported by its Islamic finance, halal food, recreation and media ecosystems. In the global halal food category of the Global Islamic Economy Indicator, Malaysia was also ranked first in 2021.

In 2021, the global Muslim population spent an estimated USD1.3 trillion on food, and this is expected to reach USD1.7 trillion by 2025.¹⁴ With the increase in global expenditure by the Muslim population as well as the growing popularity of halal food, many countries are taking initiatives to capitalise on this growth potential. Malaysia, which has a majority Muslim population, is well positioned to be the centre for the promotion, distribution and production of halal food.

As the Government is focused on increased food production as well as making Malaysia an international halal hub, food and beverage distribution services industry players in Malaysia are able to leverage on the country's strength in halal certification and the Government's promotional efforts to capture the halal market.

Greater concerns for food security supports demand for food and beverage distribution services

Food security refers to the availability of food within a nation and the ability of its people to access, afford and source sufficient food supplies. The significance of food security plays an imperative role in fostering a growing need for food ingredients. As societies achieve food security, individuals are better positioned to fulfil their dietary requirements and pursue healthier lives, leading to increased demand for food, thereby supporting demand for food and beverage distribution services.

In an effort to promote food security, food manufacturers and brand owners rely on food and beverage distribution services industry players to ensure urban and rural population have access to sufficient food and beverage products as the latter have a distribution network in place to ensure efficient and wide distribution of products.

¹³ Business-friendly policies make Sarawak top investment destination, says Awang Tengah, Borneo Post, 30 October 2023

¹⁴ The State of the Global Islamic Report 2022 by DinarStandard

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



1.4 INDUSTRY DYNAMICS

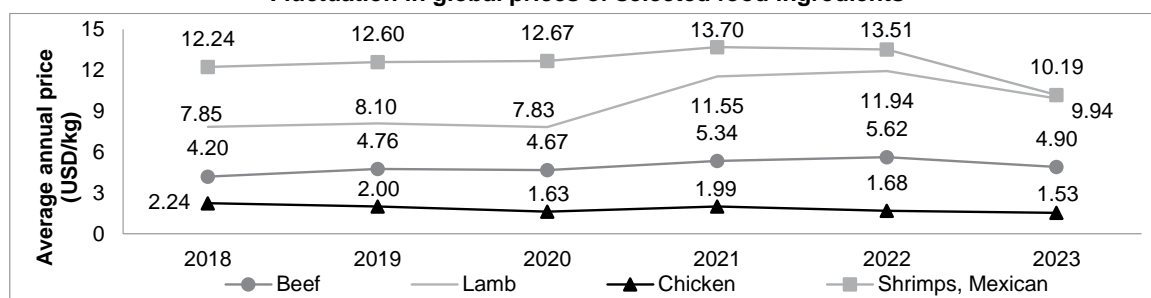
Dependency on imports

The food and beverage industry in Sarawak has a certain degree of dependency on the imports of food and beverage intermediary and finished products such as flour, beans, grains, animal fats as well as processed foods. Sarawak's exports of food, beverage and tobacco products increased from RM901.4 million in 2019 to RM1.3 billion in 2022 at a CAGR of 11.8%. Comparatively, Sarawak's imports of food, beverage and tobacco products increased from RM5.6 billion in 2019 to RM7.9 billion in 2022 at a CAGR of 12.2%.¹⁵ The higher value of imports of food, beverage and tobacco products indicates Sarawak's dependency on imported products. Sarawak also imports discretionary products such as cleaning products. While food and beverages as well as discretionary products are subject to certain levels of imports, distribution services are provided primarily by local industry players in Sarawak.

Industry challenges

Food ingredients, particularly meats such as beef, buffalo, poultry, lamb and seafood as well dairy products, are susceptible to price fluctuations as a result of demand and supply conditions in the global market. Price fluctuations are due to environmental factors and market factors that affect the demand and supply equilibrium. Environmental factors include adverse weather conditions. Market factors include economic fluctuations and speculations, as well as government policy and regulation changes. Particularly in 2021, global prices for chicken and lamb increased year-on-year at a growth rate of 22.1% and 47.5% respectively due to demand supply imbalance amidst the COVID-19 pandemic that affected global supply chains and shipping services. The fluctuation in the prices of food ingredients affect industry players that import these products as raw materials for their manufacturing activities as well as distributors of food and beverage products leading to higher costs that they may have to absorb if they are unable to pass it onto their customers.

Fluctuation in global prices of selected food ingredients



Source: World Bank Commodity Price Data

1.5 COMPETITIVE LANDSCAPE

Food and beverage distribution services enable the wide market coverage of food and beverage products to consumers. There are distinct barriers to entry, with industry players possessing business relationships with brand principals, having extensive distribution network in their region of coverage, possessing ample warehousing and cold storage facility space, as well as having sufficient financial resources to be able to procure food and beverage products.

In the FYE 30 September 2023, Supreme Consolidated Resources Bhd generated a revenue of RM199.6 million primarily from the provision of market access and coverage for consumer products in Sarawak and Sabah, where it is principally involved in the distribution of a wide range of third-party brands as well as its own brand of Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. In 2022, the value of the food, beverage and discretionary products distribution services industry in Sarawak was RM15.8 billion. Thus, in comparison to the value of value of food, beverage and discretionary products distribution services industry in Sarawak of RM15.8 billion, Supreme Consolidated Resources Bhd secured a market share of 1.3%.

Supreme Consolidated Resources Bhd generated a revenue of RM195.5 million in the FYE 30 September 2023 from the provision of market access and coverage for consumer products in Sarawak. When compared against the value of the food, beverage and discretionary products distribution services industry in Sarawak, Supreme Consolidated Resources Bhd secured a market share of 1.2%. Specifically in reference to the industry size of the distribution of food, beverage and discretionary products in Sarawak of RM6.7 billion, Supreme Consolidated Resources Bhd's revenue of RM195.5 million has led it to secure a market share of 2.9%.

¹⁵ Department of Statistics Malaysia

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)


Financial performance of industry players that are involved in the provision of food and beverage distribution services

The following sets out the latest available financial performance of private and public listed firms in Malaysia that are involved primarily in the provision of food and beverage distribution services as well as discretionary products with revenues up to RM800.0 million^e:

Industry player	Latest available financial year ended	Segmental revenue (RM)	Group revenue ^d (RM)	Gross profit (RM)	Gross profit margin (%)	Profit before tax (RM)	Profit before tax margin (%)	Profit after tax (RM)	Profit after tax margin (%)
Chill Master Industries Sdn Bhd [#]	31 May 2022		35,691,916	4,815,777	13.5	1,155,555	3.2	855,555	2.4
CK Group comprising:									
- CK Alliance Sdn Bhd [#]	31 August 2023		349,149,464	35,564,879	10.2	11,480,210	3.3	8,616,776	2.5
- CK Distributors Sdn Bhd [#]	31 August 2023		246,363,804	29,541,633	12.0	6,030,775	2.4	4,544,001	1.8
Choon Hua Food Products Sdn Bhd [#]	31 December 2022		81,824,183	6,564,042	8.0	870,329	1.1	613,322	0.8
Eldaco (KL) Sdn Bhd [^]	31 December 2023		447,949	61,716	13.8	-152,623	-34.1	-135,441	-30.2
Farm Fresh Berhad ^{a ^}	31 March 2024	670,960,000	810,411,000	216,043,000	26.7	69,065,000	8.5	63,281,000	7.8
Farm Price Holdings Berhad ^{b ^}	31 December 2023	85,120,000	114,199,000	23,078,000	20.2	11,783,000	10.3	8,702,000	7.6
H&D Food Processing Sdn Bhd [#]	31 December 2022		61,906,413	5,868,669	9.5	3,153,128	5.1	2,384,410	3.9
Hong Yong Seafood Supplies Sdn Bhd [#]	30 June 2023		233,855,770	25,788,202	11.0	10,716,191	4.6	7,743,442	3.3
Kim Teck Cheong Consolidated Berhad ^{a # *}	30 June 2023	584,356,966	729,389,513	93,641,504	12.8	34,479,051	4.7	25,105,968	3.4
LF Logistics Services (M) Sdn Bhd [^]	31 December 2023		208,044,735	38,191,637	18.4	11,842,519	5.7	8,567,204	4.1
Ocean Fresh Berhad ^{b ^}	31 December 2023	27,447,000	159,454,000	21,087,000	13.2	6,994,000	4.4	6,949,000	4.4
SDS Group Berhad ^{a ^ *}	31 March 2024	201,463,000	324,063,000	110,054,000	34.0	43,290,000	13.4	32,551,000	10.0
Spritzer Berhad ^{a # ^ *}	31 December 2023	20,859,000	490,675,000	Not available	Not available	65,924,000	13.4	49,486,000	10.1
Supreme Consolidated Resources Bhd ^{c # **}	30 September 2023	199,643,000	199,643,000	23,862,000	12.0	12,882,000	6.5	9,218,000	4.6
Sing Chew Coldstorage Sdn Bhd [#]	31 December 2023		83,199,667	13,088,318	15.7	4,470,412	5.4	4,151,072	5.0
Unified Marketing Sdn Bhd [#]	31 December 2023		15,541,455	1,080,252	7.0	27,382	0.2	20,589	0.1

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**Notes:**

The key industry players were identified based on publicly available sources, such as the internet, published documents and industry directories. The following criteria was adopted in identifying comparable industry players based on publicly available sources:

- Companies that are involved in the distribution of food and beverage products in Sarawak; and/or
- Companies that are involved in the distribution of food and beverage products in Peninsular Malaysia.

^a Listed on the Main Market of Bursa Malaysia Securities Berhad

^b Listed on the ACE Market of Bursa Malaysia Securities Berhad

^c Listed on the LEAP Market of Bursa Malaysia Securities Berhad

^d May include revenue derived from other businesses as segmental revenue is not publicly available from the audited financial statements of the identified private companies from the Companies Commission of Malaysia

^e For information purposes, DKSH Holdings (Malaysian) Berhad, Fraser & Neave Holdings Berhad, Harrison's Holdings (Malaysia) Berhad and Wellspire Holdings Berhad are also involved in the distribution of food and beverage products. However, the financial performance of DKSH Holdings (Malaysian) Berhad, Fraser & Neave Holdings Berhad and Harrison's Holdings (Malaysia) Berhad were excluded from the table above as their Group revenues in the latest available financial year exceed RM1.0 billion; and the financial performance of Wellspire Holdings Berhad was excluded from the table above as it primarily operates in Thailand.

[#] Involved in the provision of food and beverage distribution services as well as discretionary products in Sarawak

[^] Involved in the provision of food and beverage distribution services as well as discretionary products in Peninsular Malaysia

^{*} Also involved in food and beverage product manufacturing activities

Latest available as at 30 September 2024

Source: Various annual reports, company websites, Companies Commission of Malaysia, PROVIDENCE analysis

2 FOOD, BEVERAGES AND DISCRETIONARY PRODUCTS DISTRIBUTION SERVICES INDUSTRY IN SABAH

The food, beverage and discretionary products distribution services industry in Sabah, based on the GDP of wholesale and retail trade, food and beverage and accommodation services, increased from RM14.0 billion in 2018 to RM14.2 billion in 2022 at a CAGR of 0.4%. During this period, Sabah's economy contracted by 0.9% from RM85.0 billion to RM81.9 billion while its population declined from 3.9 million to 3.4 million mainly due to the exit of non-citizens attributable to the COVID-19 pandemic. Historically, Sabah's economy was affected by low global commodity prices and the COVID-19 pandemic which saw its tourism sector declining as international borders were closed to curb the spread of the virus.

Sabah's economy rebounded in 2022 as its GDP registered a year-on-year growth rate of 3.7% (2021: 1.5%). The reopening of Malaysia's international borders country in April 2022 accelerated the recovery of Sabah's economy and contributed positively to the services sector. In 2022, the services sector registered a GDP of RM40.6 billion (2021: RM37.4 billion) and contributed to 49.5% of the state's GDP (2021: 47.3%). Sabah's wholesale and retail sector saw positive growth of 5.8% in 2022 (2021: 2.1%) supported by improving wholesale of household goods, sales of wholesale machinery, equipment and supplies as well as retail sales activities. The reopening of Malaysia's international borders had a positive impact on Sabah's tourism sector in 2022 as tourist arrivals and tourism receipts rose to 1.7 million persons (2021: 0.4 million persons) and RM3.2 billion (2021: RM0.6 billion), and this growth further supported demand for food and beverages which saw an increase of 25.8% during the year (2021: -11.0%). In 2023, Sabah's economy grew by 1.3% to reach RM83.2 billion and its population increased to 3.7 million. The improving economy also saw a rise in the average monthly disposable income of the population from RM5,745 in 2019 to RM7,167 in 2023.

The Sabah Development Corridor Blueprint 2.0 (2021 – 2030) ("SDC 2.0") which was launched in November 2021 is a blueprint that outlines the state's future economic and socio development plans. The SDC 2.0 has five thrusts, namely restructuring the business and industry ecosystem; spurring key economic growth areas; transforming human capital; improving regional inclusion; and enhancing environment sustainability. Several initiatives will be implemented under the five thrusts to achieve economic and socio-development growth in the state. These initiatives require approximately RM23.0 billion in Government funding and RM95.0 billion in private investments over two phases, namely 2021 – 2025 and 2026 – 2030. SDC 2.0 projects that Sabah's economy will grow by 4.1% annually during 2021 to 2030.

Sabah attracted investments worth RM11.5 billion in 2022 comprising RM9.2 billion foreign direct investment and RM2.3 billion domestic direct investment. Sabah further attracted RM10.2 billion in foreign direct investment and domestic direct investment between January and September 2023.

PROVIDENCE expects the food, beverage and discretionary products distribution services industry in Sabah to exhibit positive growth moving forward as the state's economy expands supported by the improving tourism sector, increasing investments and initiatives under the SDC 2.0 that aim to promote future economic and socio development.

9. RISK FACTORS

NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR BUSINESS OPERATIONS, FINANCIAL POSITION AND FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE INVESTING IN OUR SHARES.

9.1 RISKS RELATING TO OUR BUSINESS AND OPERATIONS**9.1.1 Our business is reliant on third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products**

Our Group is primarily involved in the distribution of third-party brands and our own brands of consumer products in Sarawak and Sabah. We also export to Singapore and Myanmar. The distribution of third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products comprised 94.91%, 94.58%, 93.57% and 93.01% of our Group's revenue in the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Further, our procurement of frozen buffalo meat from Allanasons Private Limited contributed 21.51%, 27.18%, 23.38% and 24.87% of our total purchases in the FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Any material disruptions in our business dealings with third-party brand owners may affect our business and financial performance.

To minimise the disruptions, we have established close business relationships with our existing brand owners. For example, we have worked with brands such as Ayamas, Pertama and Farmcows for more than 20 years and brands such as Bega, Westgold, Figo and Knorr for 10 to 19 years, as well as brands such as Allana, Ramly, Promex and Farm's Best for 5 to 9 years, and have continued to work closely with them to increase their brands' awareness in the market. Please refer to Section 7.5 of this Prospectus for our track record in distributing selected brands of products. Further, our Group continually seeks for new agency rights to increase the brands and types of products for our distribution hence reducing our reliance on any particular brand. For the FYE 2023 and up to the LPD, we have secured 6 new agency rights. As at the LPD, we have a total of 38 agency rights relating to third party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products.

Similarly, our Group will continuously source for alternative suppliers of frozen buffalo meats as well as frozen meats in the market, thereby reducing our reliance on any particular brand. Besides that, our Group will also continue to expand our product range as stated in Section 7.18 of this Prospectus to introduce new brands and products to the market.

Save for the loss of 4 agency rights and 8 brands during the Financial Years Under Review, FPE 2024 and up to the LPD, our Group did not experience any loss of agency rights and loss of third-party brands supplied to our Group. For clarity, the loss of the abovementioned agency rights and brands did not have a material impact on the financial performance of our Group during the Financial Years Under Review, FPE 2024 and up to the LPD.

In the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has not experienced any material adverse impact on our business operations, arising from events such as demand and supply imbalance which led to a scarcity in the supply of third party brands of products or delays in the delivery of third party brands of products from our suppliers, that materially affected our financial performance. Nevertheless, there can be no assurance that the risk of business disruption from the distribution of third-party brands would not have a material adverse impact on our Group in the future.

9. RISK FACTORS (CONT'D)

9.1.2 We are subject to the risk of disruptions to warehousing and cold storage facilities as well as transportation vehicles

Our business operations are dependent on the continued operations of our warehousing and cold-storage facilities as well as our transportation vehicles. Any disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles such as fire, power failure or breakdown or theft may have an adverse impact on our operations.

In order to mitigate this risk, our Group is able to lease additional warehouse and cold storage space from external parties as and when required, thereby increasing our warehouse and cold storage capacity during seasons of peak operations. Our Group is planning to increase our internal warehouse and cold storage capacity by constructing a new warehousing and cold storage facility to meet our growing needs in line with the growth of our business, as disclosed in Section 4.8.1 of this Prospectus.

In addition, we also carry out regular maintenance of our facilities and vehicles as well as timely replacement of parts which are subject to daily wear and tear. We have also obtained insurance coverage for our warehousing and cold-storage facilities as well as for our transportation vehicles, at levels customary to our industry as part of our mitigating factor and will continue to limit this risk through annual review of our insurance policies to ensure adequate insurance coverage.

In the Financial Years Under Review, FPE 2024 and up to the LPD, we have not encountered any major disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles. In the Financial Years Under Review, FPE 2024 and up to the LPD, there were also no incidences of theft in the warehouse or during the transportation of goods that had materially affected the financial performance of our Group. Despite the necessary steps taken to mitigate this risk, there can be no assurance that any occurrence of the abovementioned disruptions will not affect our business operations. We cannot guarantee that the insurance obtained is adequate and sufficient to cover all liabilities and expenses incurred. Further, we cannot assure that the insurance is renewable at the existing premium rate. Notwithstanding the above, our Group will continually review our insurance policies and coverages, and strive to obtain the most competitive premium rates.

9.1.3 We are subject to the risk of product liability

As a provider of market access and coverage for consumer products, we are principally involved in the distribution of third-party brands as well as our own brand and therefore exposed to product liability claims which may impact our revenue and profitability. Product liability claims generally arise due to factors, which include but not limited to manufacturing defects, product contamination, product mislabeling and use of uncertified ingredients. While product liability claims are more likely to affect product manufacturers, distributors such as our Group are also aware of the adverse reputational damage and may potentially face legal actions which may have an adverse impact on our revenue and profitability.

Some of the manufacturers of the products which we distribute provide us with a warranty on their products, the most common being a warranty that the products are free from manufacturing defects. The responsibility of a defective product lies on the manufacturer and distributor from whom we purchase these products, and this includes defects in materials or ingredients, manufacturing or packaging, or arising from delivery of the products to our warehouse, of which the defective products shall be returned to the manufacturer or distributor. We are indemnified against all costs arising from public product liability claims due to the quality or use of the products. For damage claims, the manufacturer and / or distributors concerned would replace the defective products or refund by way of credit note for our subsequent purchases from the same manufacturers or distributors.

9. RISK FACTORS (CONT'D)

In the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has not experienced any product liability claims, therefore we have not experienced any material adverse impact on our business operations and financial performance. Notwithstanding the above, there can be no assurance that we will not experience any product liability claims in the future. Further, there will be no liability on the part of the manufacturer if such liability is incurred or arises directly or indirectly out of the act, omission or negligence on our part. In the event any liability arises directly or indirectly out of the act, omission or negligence of our Group, our suppliers may cease to engage us for the distribution of their brands of products, which may lead to an adverse impact on our financial performance.

9.1.4 We are subject to the risk of negative perception and publicity on our reputation and brands that we distribute

The reputation of consumer goods operators in the food and beverages distribution services industry is sensitive to public perception. For example, F&B Products that are consumed directly by the general public become contaminated, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases, thereby resulting in food poisoning or other illnesses. As such, any adverse public opinions on any products, brand or effects of any ingredients could have an impact on the affected operator, from manufacturers to distributors and up to retailers.

As a provider of market access and coverage of consumer products for third-party brands and our own brand, we may be exposed to potential reputation risk associated with third-party brands and / or our brand of products. For example, consumer goods operators may become a target of malicious sabotage or rumours intended to damage their reputation. In this respect, operators may experience harmful substances being maliciously introduced into an operator's products or subjected to market rumours based on unfounded claims of harm resulting from consuming an operator's products. These incidences of contamination, sabotage or rumours may have an adverse impact on the brand name, reputation and public perception of the operator, which in turn, may have a negative effect on the demand for their products. This may culminate in the recall of products from the market, and in addition, the operator may be subjected to administrative action by the relevant authorities. As a result, these types of incidences may have an adverse effect on the financial performance and prospects of an operator in the food and beverages distribution services industry.

In the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any recall of third-party brands or our own brand of products or been subjected to any administrative action by relevant authorities in relation to product contamination, sabotage or rumours. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

9.1.5 We may not be able to effectively implement some of our business strategies and plans

Our business strategies and plans include expanding our product range, distribution network and warehouse capacity. Please refer to Section 7.18 of this Prospectus for further information on our strategies and business plans.

The implementation of these business strategies and plans involves capital expenditure as well as other operating expenses such as depreciation charges, equipment maintenance costs and staff costs.

Besides that, our financial performance may be adversely affected if we are not able to secure sufficient purchase orders from existing and / or new customers following the implementation of the above business strategies and plans due to the additional costs incurred or unforeseen economic and social conditions and events. Furthermore, any postponements or delays in implementing our business strategy and plans effectively and promptly may adversely affect our future financial performance.

9. RISK FACTORS (CONT'D)

As such, there is no assurance that the implementation of our business strategies and plans will be successful, nor will we be able to anticipate and mitigate all the risks and uncertainties that may arise during the implementation of these business strategies and plans, which may materially affect our business operations and financial performance.

9.1.6 We are dependent on our directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution of third-party brands and our own brand of products, as well as an understanding of our customers' needs and requirements. Our management and operations team are led by our directors who have accumulated industry experience and have contributed to the growth of our Group over the years. As such, any loss of our directors and key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Please refer to Section 5 of this Prospectus for the profiles of our Board and key management personnel.

As part of our strategy to retain our directors and key management personnel, we offer them competitive remuneration packages to our key management personnel. In addition, we provide a healthy working environment, practise good workplace culture and uphold work ethics to create a sense of belonging and foster good working relationships amongst our directors, key management personnel and employees. We further provide training and career development opportunities for our employees to nurture and retain them.

In the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any loss of our directors and key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

9.1.7 We are subject to the risk of potential penalty and / or disruption to our business for the delay in obtaining the necessary licenses

We are also dependent on our continued operations and any delays in obtaining or renewing the necessary licences, permits or registrations may affect the continued operations of our business, such as our trading licenses, permits to import, health certificates, halal certificates and halal accreditation or its equivalent for the importation of food and beverages. Our premises are also governed by the relevant laws and regulations in Malaysia (including land rules and building regulations).

As at the LPD, we have obtained all material licences, permits and registrations for our business operations and have complied with all conditions imposed therein. We have also complied with all the relevant laws and regulations in Malaysia (including land rules and building regulations) as well as the conditions set forth in our licences imposed by the relevant authorities. Please refer to Section 7.21 of this Prospectus for details of our major approvals, licences and permits.

The laws, regulations and policies of government bodies and agencies are subject to change, and changes in, or new interpretations of, applicable laws, regulations, standards or policies, or non-compliance with any applicable laws, regulations, standards and policies, which could have a material adverse effect on our registrations, licences, accreditations, operations or business costs. Notwithstanding, the findings of non-compliance with these laws, regulations standards and policies could also result in us being subject to fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food-related licences or other censures that could have a material adverse effect on our business, financial condition, results of operations and prospects, apart from product recalls for non-complying products or products being the subject of investigation or claims of non-compliance by the authorities. Should there be any subsequent modifications of, or additions or new restrictions to the current compliance standards, we may incur additional costs to comply with the new or modified standards, including possible product recalls which may adversely affect our business and financial performance.

9. RISK FACTORS (CONT'D)

In the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has neither experienced any failure / delay in obtaining the licenses and permits required for our business operation nor experienced any fines, penalties, injunctions, limitations on our operations, termination of our registrations and approvals, revocation of the food standard certification or other censures that has materially and adversely affected our business, financial condition and results of operations.

Whilst we continuously ensure compliance with relevant government regulations, there can be no assurance that any penalties, if imposed, will not have a material adverse impact on our financial performance in the future.

9.1.8 Our business may be affected by unforeseen external factors which may adversely affect our business operation and financial performance

Our Group may face disruptions in our business operations due to unforeseen external factors such as health epidemics, pandemics (such as the COVID-19 pandemic), natural disasters, flooding, civil commotion, sabotage, economic sanctions against the governments of countries where our suppliers are located and other calamities or events beyond our control. This would result in delayed delivery to our customers. Failure to meet our customers' expectations and make deliveries as required by our agreements with customers could damage our reputation and / or expose us to legal claims and may, as a result, lead to loss of business and affect our ability to attract new business. The unforeseen external factors such as fire and flooding could also damage our inventories. The COVID-19 pandemic or a future outbreak of infectious disease in any country where our suppliers are based, as well as quarantines or other regulatory measures or restrictions taken in response to an outbreak, have and could disrupt the supply of raw materials, business operations and distribution networks for our products and increase our operational costs.

Any of such events could have a material adverse impact on our business, financial condition, results of operations and prospects.

9.1.9 We are subject to the risk of third-party companies bearing identical name with companies within our Group which may expose us to reputational risk if negative events arise

Our Group, widely known as 'Supreme', has brand value and recognition that have contributed significantly to the growth and success of our business. However, the 'Supreme' name is also used by our strategic partners located at Sibul and Bintulu, namely Fortune Supreme Food Supply (Sibu) Sdn Bhd and Supreme Food Supply (Bintulu) Sdn Bhd, both of which are not related to our Group.

During the Financial Years Under Review and FPE 2024, these strategic partners individually contributed to less than 3.00% of our Group's revenue and collectively less than 4.00% of our Group's revenue, respectively.

Strategic partner	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	* %	RM'000	* %	RM'000	* %	RM'000	* %
Fortune Supreme Food Supply (Sibu) Sdn Bhd	2,666	1.42	2,539	1.21	2,487	1.25	1,623	1.22
Supreme Food Supply (Bintulu) Sdn Bhd	4,617	2.46	5,138	2.45	4,684	2.35	3,291	2.48
Total	7,283	3.88	7,677	3.66	7,171	3.60	4,914	3.70

Note:

* Calculated based on the revenue of our Group in FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

9. RISK FACTORS (CONT'D)

If these entities and / or their respective directors, management personnel and / or other employees conduct their business / take any action that may be attributed to the “Supreme” name or our corporate image, or if any material negative publicity is associated with any of them, for example, as a result of regulatory investigations into, or other proceedings involving, wrongdoing or corrupt practices engaged by any such directors, management personnel and / or employees, our brand image and reputation as well as our market value may be adversely affected. It may also discourage our suppliers from conducting business with us as a result of such negative events.

Nevertheless, our Group has also applied for trademark registration by submitting four (4) separate applications to MyIPO as per the table below:

No.	Trademark no. / Registered Proprietor	Design / Mark	Status as at the LPD
1.	2017014061 / Supreme Consolidated Resources Bhd	“Supreme” with “S”	Registered
No.	Application no. / Applicant	Design / Mark	Status as at the LPD
1.	TM2023026534 / Supreme Consolidated Resources Bhd	“Supreme” with “S”	Pending outcome of appeal against provisional refusal of application
2.	TM2023026537 / Supreme Consolidated Resources Bhd	“Supreme” “Premium Quality” “1983”	Pending outcome of appeal against provisional refusal of application
3.	TM2023039084 / Supreme Consolidated Resources Bhd	“Best Choice”	Pending outcome of appeal against provisional refusal of application

As at the LPD, the logo with the trademark no. 2017014061 has been successfully registered, and the certificates evidencing the registration were issued on 20 December 2018. After a substantive examination of the applications for registration of trademark for our “Supreme” with “S”, “Supreme”, “Premium Quality”, “1983” brands on 30 May 2024 as well as “Best Choice” brand, on 25 June 2024, MyIPO issued a notice of provisional refusal in respect of “Supreme” with “S”, “Supreme”, “Premium Quality”, “1983” brands trademark application due to similarities to other earlier trademarked brands. Separately, MyIPO issued a notice of provisional refusal in respect of “Best Choice” brand trademark application due to the lack of distinctive features in the trademark. In response to the notice of provisional refusals, our Group has submitted its written appeals to MyIPO setting out the reasons against such provisional refusals, the outcome of which is pending further decision by the MyIPO and the actual duration of MyIPO processing our appeals cannot be determined at this juncture. Barring any unforeseen circumstances, the trademarks should be registered within 1 year from their respective date of filing of the application, but the actual duration may vary depending on the processing speed of MyIPO in approving the application. In the event we are unable to receive approval from MyIPO for the registration of trademarks of these brands, our Group will not be the sole owner of the “Supreme” trademark and thus, unable to prohibit the unauthorised usage of the “Supreme” brand by other entities without permission of our Group. We may face situations where third-parties may use the “Supreme” brands for their products, and there is a risk that our customers may mistake them for our products, potentially damaging our sales and reputation. In such circumstances, there is no certainty that we will be able to successfully establish an infringement of our brands. Should we fail to establish claim of infringement against these third-parties, we may suffer losses arising from damages and / or litigation costs.

Please refer to Section 7.22 of this Prospectus for further information on the intellectual properties of our Group.

As at the LPD, we have not experienced any negative events, nor are we aware of any negative incidents from third-party companies bearing identical name with Supreme, that have negatively impacted our Group’s name and brand.

9. RISK FACTORS (CONT'D)

9.1.10 There is no assurance that our insurance coverage would be adequate

As at the LPD, our Group has taken up the following insurance policies:

Types of insurance	Total sum insured (RM'000)
Fire	45,452
Money ⁽¹⁾	3,175
Public liability ⁽²⁾	1,100
Cargo for hauliers in transiting goods	500
Burglary	260
Fidelity guarantee ⁽³⁾	50
Total	50,537

Notes:

- (1) Money insurance covers loss, destroyed or damaged money while in transit or theft within our premises. Any locked safe, drawer, strong room or cash register and cabinets belonging to us and containing money is lost, destroyed or damaged as a result of burglary or any attempt thereat will also be covered.
- (2) Public liability insurance covers our legal liability to third party as a result of an accident happening during the period of cover in connection with our business operations and occurring within our business premises. This policy indemnifies us against all sums which we shall become legally liable to pay compensation in respect of accidental bodily injury to any person, and / or accidental loss or accidental damage to property.
- (3) Fidelity guarantee insurance is able to mitigate employee infidelity risk by providing indemnity to us against any direct pecuniary loss we may sustain through acts of fraud or dishonesty committed by any of the employees, such as forgery, embezzlement, larceny or false conversion of funds, money and securities belonging to us.

We also take insurance policies to cover goods in voyage, for which the sum insured depends on the value of goods being transported.

While we have insurance coverage for various aspects of our business, there is no assurance that it is sufficient to cover all losses, damages or liabilities that we may suffer in the course of our business operations. Any losses or damages in excess of our insured sum or in areas for which we are not insured at all could have an adverse effect on our business operations, financial performance and results of operations. In the Financial Years Under Review, FPE 2024 and up to the LPD, there has been no material insurance claims against us.

9.2 RISKS RELATING TO OUR INDUSTRY

9.2.1 We are subject to the risk of fluctuation in the price and availability of commodities

Our Group distributes Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. Our Frozen and Chilled Food Products and Ambient F&B Products include commodities such as buffalo, beef, poultry, lamb and seafood. The market prices of raw materials used to produce Frozen and Chilled Food Products and Ambient F&B Products are subject to global fluctuations in price.

9. RISK FACTORS (CONT'D)

Such fluctuations are attributable to, among other things, inflation, changes in the supply and demand of crops or other commodities, the weather and growing conditions as well as government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agriculture commodities, including meats, seafood and oils can be volatile. Additionally, epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short-term. These fluctuations may adversely affect our Group's suppliers, who could be forced to raise their prices for our Group's products.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. Save for FYE 2022, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact to our financial performance during the Financial Years Under Review, FPE 2024 and up to the LPD.

9.2.2 Our business is subjected to shipping disruptions and fluctuation in shipping and freight rates

A significant portion of our purchases are sourced from suppliers located overseas and thus we rely heavily on marine and air transportation to deliver these supplies to us. Hence, we are exposed to shipping and freight disruptions that may arise as a result of adverse weather, conditions, political turmoil, social unrest, port strikes, oil spills, delayed or lost shipments, which in turn may have an adverse impact on our business operations. In addition, any major fluctuation in shipping and freight rates may have an impact on our cost and our GP margins if we are unable to pass on such increase in costs to our customers by raising selling prices.

In 2020, we faced delays in obtaining products from our oversea suppliers due to supply chain disruptions arising from the COVID-19 pandemic. However, we were not materially impacted by the disruptions as we keep 2 months of inventory as our Group's standard practice.

Save for the above, our Group has not experienced any major shipping and freight disruptions or any major increases in shipping and freight rates. Nonetheless, there can be no assurance that we will not experience any major shipping and freight disruption or any major increase in shipping and freight rates in the future, the occurrence of which could in turn, adversely impact our business, financial condition and results of operations.

9.2.3 We operate in a competitive environment

Our Group operates in a fragmented and competitive distribution market, focusing on the distribution of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products. We face competition from other providers of market access and coverage of consumer products in these markets. Our competitors may distribute similar products or have wider range of product mix and categories. In the event of any failure to compete with our competitors, it would have an adverse effect on our financial performance.

However, we believe that our Group possesses the necessary competitive advantages to distinguish ourselves, such as our wide range of products in our focused segments from established brands, wide distribution network, proven track record in the industry as well as experienced key management personnel, thus allowing us to compete effectively within the industry and continue growing our business.

Please refer to Section 7.5 of this Prospectus for further details of our Group's competitive advantages and key strengths.

9. RISK FACTORS (CONT'D)**9.2.4 We are exposed to foreign currency fluctuation risk**

The breakdown of our revenue by currencies in the Financial Years Under Review and FPE 2024 are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue	RM'000	% of total revenue
RM	186,273	99.34	208,821	99.46	197,745	99.05	130,571	98.40
USD ⁽¹⁾	1,229	0.66	1,132	0.54	1,898	0.95	2,124	1.60
Total revenue	187,502	100.00	209,953	100.00	199,643	100.00	132,695	100.00

Note:

(1) Revenues generated from customers in Myanmar and Singapore.

Our Group's purchases mainly comprise third-party brands of Frozen and Chilled Food Products and Ambient F&B Products which are denominated in RM, USD, AUD, Euro and others. The breakdown of our purchases by currencies in the Financial Years Under Review and FPE 2024 are as follows:

Currency	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases	RM'000	% of total purchases
USD	96,633	58.65	113,473	68.40	90,697	59.65	65,086	59.41
RM	48,160	29.23	43,318	26.11	46,545	30.61	31,197	28.47
AUD	16,301	9.89	7,445	4.49	11,542	7.59	12,103	11.05
Euro	2,069	1.26	1,663	1.00	2,637	1.73	1,170	1.07
Others ⁽¹⁾	1,607	0.97	-	-	634	0.42	-	-
Total purchases	164,770	100.00	165,899	100.00	152,055	100.00	109,556	100.00

Note:

(1) Others include purchases in RMB, SGD, BND and NZD.

As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuation in foreign currency rates may have an adverse impact on our financial performance. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion. Overall, our foreign exchange gains and losses for the Financial Years Under Review and FPE 2024 are as follows:

Foreign exchange (loss) / gain	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Realised	(9)	(45)	65	(5)

In order to mitigate the risk, we will continuously monitor the foreign currency fluctuation. However, despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have a material adverse impact on the financial performance of our Group.

9. RISK FACTORS (CONT'D)

9.2.5 We face the risk of inflation which may reduce demand for our products

We operate in a consumer market that is price sensitive caused by among others, inflation rates. An increase in the inflation rate, if not matched with increases in salaries and wages may result in consumers having less discretionary income, thus reducing the demand for our products. As a result of inflation, it may also give rise to the impact of increasing our operating costs including product costs, operating expenses as well as labour costs. If we are unable to pass the increase in costs without negatively affecting demand for our products, it may affect our business operations and financial performance.

However, our Group carries a wide range of products in the market whereby consumers may select different products to fit their budgetary requirements. These choices include, among others, switching to lower priced brands, buying a smaller quantity and / or switching to locally made products. However, despite our efforts to expand our product range, there can be no assurance that any future fluctuation in inflation rates will not have a material adverse impact on the financial performance of our Group.

9.2.6 We are subject to political, social, economic and regulatory risks

Any changes and / or developments in political, social, economic and regulatory conditions would adversely affect our business and financial performance. These risks include changes in political leadership, changes in foreign exchange rate policy, changes in government policies such as introduction of new regulations, import restrictions and duties, export restrictions and duties, and imposition of quota for importation of frozen meat. These events are beyond our control, and the occurrence of one or more of these events may affect our business operations and financial performance.

Notwithstanding the above, we have not experienced adverse or material changes in political, social, economic and regulatory conditions which have had material impact on our business in the past. However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not affect our Group's businesses in the future.

9.3 RISKS RELATING TO INVESTMENT IN OUR SHARES**9.3.1 Our Listing is exposed to the risk that it may be aborted or delayed**

Our Listing may be aborted or delayed should any of the following occur:

- (i) our Underwriter exercises its rights under the Underwriting Agreement to discharge itself from its obligations therein; and
- (ii) we are unable to meet the public shareholding spread requirement under the Listing Requirements, whereby at least 25.00% of our total number of Shares for which listing is sought must be held by a minimum number of 200 public shareholders each holding not less than 100 Shares at the point of our Listing.

If any of these events occur, investors will not receive any Shares and we will return in full without interest, all monies paid in respect of the Application within 14 days, failing which the provisions of Section 243(2) of the CMSA will apply.

If our Listing is aborted and / or terminated, and our Shares have been allotted to the investors, a return of monies to the investors could only be achieved by way of cancellation of share capital as provided under Sections 116 or 117 of the Act and its related rules.

9. RISK FACTORS (CONT'D)

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and ROC within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act.

There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

9.3.2 The trading price and trading volume of our Shares following our Listing may be volatile

The trading price and volume of our Shares may fluctuate due to various factors, some of which are not within our control and may be unrelated or disproportionate to our financial results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

The performance of Bursa Securities is also affected by external factors such as the performance of the regional and world bourses, inflow or outflow of foreign funds, economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes on Bursa Securities, thus, the market price of our Shares may be subject to fluctuations.

9.3.3 We may not be able to pay dividends

Our Company, being an investment holding company, derives income mainly from dividends received from the subsidiaries within our Group.

Since our listing on the LEAP Market, our Group has consistently paid dividends to our shareholders. Prior to our listing on the LEAP Market, our Group also has a proven track record of paying dividends to our shareholders. In determining the size of any dividend recommendation, we will take into consideration a number of factors, including but not limited to our financial performance, cash flow requirements, availability of distributable reserves, capital expenditure plans and compliance with regulatory requirements. In the Financial Years Under Review, FPE 2024 and up to the LPD, the dividends declared and paid out by our Company are as follows:

	Audited				From 1 May 2024 and up to the LPD
	FYE 2021	FYE 2022	FYE 2023	FPE 2024	
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Dividends declared	4,020	3,516	3,504	2,484	2,040
Dividends paid	4,020	3,516	3,504	2,484	2,040

Whilst we endeavour to make payments of dividends, no assurance can be given that we are able to pay any dividends in the future due to factors beyond our control or our capital expenditure plans. Please refer to Section 12.15 of this Prospectus for further information on our dividend policy.

9. RISK FACTORS (CONT'D)

9.3.4 Impairment of goodwill

In accordance with MFRS 3 Business Combinations, goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. The goodwill is not amortised and is tested for impairment at the end of every financial year. When the carrying amount of the goodwill exceeds its fair value, an impairment loss is recognised in an amount equal to the excess. The impairment loss will be reflected in the statements of profit and loss for the year it is recognised. The goodwill in our Group remained at RM21.99 million throughout the Financial Years Under Review and FPE 2024. The goodwill is subjected to review every financial year which may result in impairment in the event the carrying amount of the goodwill exceeds its fair value. This may have a material adverse effect on our Group's results of operations or its financial position.

9.3.5 Our Promoters will be able to exert significant influence over our Company

Our Promoters will collectively hold approximately 64.06% of our enlarged issued share capital upon Listing. Therefore, our Promoters will be able to effectively control the business direction and management of our Group and may have significant influence on the outcome of certain matters requiring the vote of our shareholders unless they are required to abstain from voting either by law and / or by the relevant regulations and / or authorities.

Nevertheless, as a step towards good corporate governance, our appointed Independent Non-Executive Directors and our Audit and Risk Management Committee will scrutinise all transactions in which there is potential conflict of interest situation arising from the interests of our Promoters, substantial shareholders and / or Director and to ensure that any future transactions involving related parties are entered into on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

Save as disclosed below, there are no other related party transactions entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and / or persons connected with them for the Financial Years Under Review, FPE 2024 and up to the LPD:

(i) Between SCRIB and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Mucow Malaysia Sdn Bhd	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is a director and a substantial shareholder of Mucow Malaysia Sdn Bhd. <p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He is a director and a substantial shareholder of Mucow Malaysia Sdn Bhd. 	<p>Purchase of live cattles by SCRIB from Mucow Malaysia Sdn Bhd ⁽¹⁾</p>	-	-	15 (represents 0.15% of our Group's administrative expenses)	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Lim Ah Ted	<p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 	Acquisition of the entire issued shares by SCRIB in Supreme Trading ⁽²⁾	-	-	1 (represents 0.001% of our Group's NA)	-	-
	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 						

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) *Mucow Malaysia Sdn Bhd is in the business of rearing cows and goats and also in the production of dairy products. Our Company has purchased two live cattles for the purpose of the local communities' celebration of the festival of Hari Raya Haji. This transaction is non-recurring in nature and were deemed to be carried out on arms' length basis because the consideration was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related party than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (2) *Pursuant to an Agreement for Sale and Purchase of Shares dated 11 May 2023 involving the disposal of 100 ordinary shares representing the entire issued shares in Supreme Trading at the consideration sum of RM1,000.00 to SCRB, which was completed on 31 May 2023. The purchase consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration of the audited net assets of Supreme Trading as at 30 September 2022 of RM1,331.00.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

(ii) Between SCS and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
WHTS Resources Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and director of WHTS Resources Sdn Bhd. 	Sales of F&B Products by SCS to WHTS Resources Sdn Bhd ⁽¹⁾	34 (represents 0.02% of our Group's revenue)	76 (represent s 0.04% of our Group's revenue)	70 (represents 0.04% of our Group's revenue)	39 (represents 0.03% of our Group's revenue)	22
Mandarin Express Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also a director and an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which is the controlling shareholder of BNDM which in turn is the controlling shareholder of WHTS Resources Sdn Bhd, of Mandarin Express Sdn Bhd. 	Sales of F&B Products by SCS to Mandarin Express Sdn Bhd ⁽²⁾	⁽³⁾ -	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
My Green Integrated Farming (M) Sdn Bhd (formerly known as Supreme Integrated Farming (M) Sdn Bhd) ("My Green")	<ul style="list-style-type: none"> - Lim Ah Ted is a Promoter and a major shareholder of our Company. - He is also a director and a substantial shareholder of My Green. 	Purchase of vegetables by SCS from My Green ⁽⁴⁾	-	-	4 (represents 0.04% of our Group's administrative expenses)	5 (represents 0.07% of our Group's administrative expenses)	5
Borneo Gourmet (M) Sdn Bhd	<ul style="list-style-type: none"> - Lim Ah Ted is a Promoter and a major shareholder of our Company. - He is also a substantial shareholder of Borneo Gourmet (M) Sdn Bhd. 	Sales of F&B Products by SCS to Borneo Gourmet (M) Sdn Bhd ⁽⁵⁾	-	-	2 (represents 0.001% of our Group's revenue)	1 (represents 0.001% of our Group's revenue)	-

Notes:

- (1) *WHTS Resources Sdn Bhd is in the business of operation of a restaurant and also investment holding in a dormant company. SCS has generated sales by selling frozen duck, lamb shoulder, and other food products to WHTS Resources Sdn Bhd. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (2) *Mandarin Express Sdn Bhd is in the business of operation of a restaurant. However, it has ceased operations since October 2022 and is now dormant. SCS has generated sales by selling chicken nuggets and french fries to Mandarin Express Sdn Bhd. This transaction is non-recurring in nature and will not subsist in the future. This transaction was deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (3) *Value less than RM1,000.00.*
- (4) *My Green is in the business of livestock farming and cultivation of agricultural produce. SCS has purchased vegetables from My Green for the purpose of preparation of meals for its employees. This transaction is recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (5) *Borneo Gourmet (M) Sdn Bhd is in the business of supply and storage of non-Halal food products comprising frozen pork. SCS has generated sales by selling dory fish fillet to Borneo Gourmet (M) Sdn Bhd. This transaction was on an ad-hoc basis, non-recurring in nature and was deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and is not detrimental to the non-interested shareholders.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

(iii) Between SFS and the transacting parties

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Supreme Trading ⁽¹⁾	Lim Ah Ted	(i) Sale of aluminium foil by SFS to Supreme Trading ⁽²⁾	40 (represents 5.78% of our Group's other income)	-	-	-	-
	- He is a Promoter and a major shareholder of our Company.						
	- He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading.	(ii) Provision of manpower services by SFS to Supreme Trading ⁽³⁾	32 (represents 4.62% of our Group's other income)	37 (represents 6.98% of our Group's other income)	-	-	-
	Dato Richard Wee						
	- He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman.	(iii) Purchase of motor vehicles by SFS from Supreme Trading ⁽⁴⁾	125 (represents 0.16% of our Group's NA)	-	-	-	-
	- He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading.						

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
My Green	<ul style="list-style-type: none"> Lim Ah Ted is a Promoter and a major shareholder of our Company. He is also a director and a substantial shareholder of My Green. 	Procurement of manpower for grass cutting service by SFS from My Green ⁽⁵⁾	-	-	32 (represents 0.33% of our Group's administrative expenses)	23 (represents 0.33% of our Group's administrative expenses)	13
WHTS Resources Sdn Bhd	<ul style="list-style-type: none"> Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. He is also an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM, and a director of WHTS Resources Sdn Bhd 	Sales of F&B Products by SFS to WHTS Resources Sdn Bhd ⁽⁶⁾	1 (represents 0.0005% of our Group's revenue)	3 (represents 0.001% of our Group's revenue)	4 (represents 0.002% of our Group's revenue)	3 (represents 0.002% of our Group's revenue)	1

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
EPT Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is an indirect substantial shareholder of EPT Sdn Bhd by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM, which has a 89.35% equity interest in EPT Sdn Bhd. 	Purchase of Lot 1476 Block 12 Muara Tebas Land District and other assets attached to it by SFS from EPT Sdn Bhd ⁽⁷⁾	1,500 (represents 1.94% of our Group's NA)	-	-	-	-

Notes:

- (1) On 31 May 2023, SCR B has acquired the 100% equity interest in Supreme Trading for a purchase consideration of RM1,000 comprising 100 ordinary shares at RM10.00 each. Subsequently, it became a subsidiary of our Company and transactions with Supreme Trading after 31 May 2023 will no longer be considered as related party transactions.
- (2) SFS has disposed off aluminium foil to Supreme Trading. This aluminium foil is used for the storage of food products. This transaction is non-recurring in nature and was not made on an arms' length basis. The consideration was fixed at lower than the market price due to this transaction was entered into for the purpose of clearance of the aluminium foil, which is an obsolete stock and was no longer needed by SFS. Besides that, at the point of transaction in FYE 2021, the age of the aluminium foil was already approximately 3 years.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (3) *Supreme Trading has procured manpower services from SFS for the purpose of its sales and delivery services department. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders. However, Supreme Trading is now a subsidiary within our Group. Thus, such transactions will not be considered as related party transactions in the future.*
- (4) *Supreme Trading has disposed off 2 panel vans to SFS for the purpose of its transportation usages. These transactions are non-recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (5) *SFS has procured the grass cutting services for the office compound at both Lot 919 and Lot 842 from My Green on a monthly basis where My Green will issue invoice to SFS after the completion of the grass cutting services every month. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (6) *WHTS Resources Sdn Bhd is in the business of operation of a restaurant and also investment holding in a dormant company. SFS has generated sales by selling frozen duck, lamb shoulder, and others to WHTS Resources Sdn Bhd. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*
- (7) *Pursuant to a Sale and Purchase Agreement dated 14 October 2020 involving the acquisition of Lot 1476 Block 12 Muara Tebas Land District ("**Lot 1476**") with a 2-storey semi-detached building for industrial, office, store and watchman's quarters together with machines, equipment, chiller and others thereon, by SFS at the consideration sum of RM1,500,000.00, and which was completed following the registration of transfer of legal ownership to SFS on 15 March 2021. The purchase consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the market value of RM1,350,000.00 for Lot 1476 by Henry Butcher Malaysia (Sarawak) Sdn Bhd on 3 August 2020. The balance of the RM150,000.00 was for the cold room freezer and refrigeration system which are attached to it. The consideration of RM150,000.00 was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

(iv) Between BFL and the transacting party

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Supreme Trading	<p>Lim Ah Ted</p> <ul style="list-style-type: none"> - He is a Promoter and a major shareholder of our Company. - He was the sole shareholder and a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 	<p>Purchase of aluminium foil by BFL from Supreme Trading ⁽¹⁾ (represents 0.01% of our Group's administrative expenses)</p>	1	-	-	-	-
	<p>Dato Richard Wee</p> <ul style="list-style-type: none"> - He is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He was a director of Supreme Trading at the time of the transaction, and currently remains a director of Supreme Trading. 						

Note:

- (1) *BFL has purchased aluminium foil from Supreme Trading. This transaction is non-recurring in nature and was deemed to be carried out on arms' length basis because the consideration was fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

(v) Between Supreme Trading and the transacting party

Transacting parties	Nature of relationship	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
			FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
WHTS Resources Sdn Bhd	<ul style="list-style-type: none"> - Dato Richard Wee is a Promoter, a major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and Non-Independent Executive Chairman. - He is also an indirect substantial shareholder by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM, and a director of WHTS Resources Sdn Bhd. 	Sales of cleaning products by Supreme Trading to WHTS Resources Sdn Bhd ⁽¹⁾	-	-	-	3 (represents 0.002% of our Group's revenue)	(2) -

Notes:

(1) *WHTS Resources Sdn Bhd is in the business of operation of a restaurant and also investment holding in a dormant company. Supreme Trading has generated sales by selling cleaning products to WHTS Resources Sdn Bhd, which uses these cleaning products for the cleaning of its restaurant. These transactions are recurring in nature and were deemed to be carried out on arms' length basis because the considerations were fixed at the prevailing market rate and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and are not detrimental to the non-interested shareholders.*

(2) *Value less than RM1,000.00.*

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.2 Summary of related party transactions entered by our Group

Below is a summary of the related party transactions listed in Section 10.1.1 of this Prospectus aggregated on the basis that such transactions have been entered into by our Group with the same related parties:

Transacting parties	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD
		FYE 2021 (RM'000)	FYE 2022 (RM'000)	FYE 2023 (RM'000)	FPE 2024 (RM'000)	
Mucow Malaysia Sdn Bhd	Purchase of live cattles by SCRB from Mucow Malaysia Sdn Bhd	-	-	15 (represents 0.15% of our Group's administrative expenses)	-	-
Lim Ah Ted	Acquisition of the entire issued shares by SCRB in Supreme Trading	-	-	1 (represents 0.001% of our Group's NA)	-	-
WHTS Resources Sdn Bhd	• Sales of F&B Products by SCS to WHTS Resources Sdn Bhd	34 (represents 0.02% of our Group's revenue)	76 (represents 0.04% of our Group's revenue)	70 (represents 0.04% of our Group's revenue)	39 (represents 0.03% of our Group's revenue)	22
	• Sales of F&B Products by SFS to WHTS Resources Sdn Bhd	1 (represents 0.0005% of our Group's revenue)	3 (represents 0.001% of our Group's revenue)	4 (represents 0.002% of our Group's revenue)	3 (represents 0.002% of our Group's revenue)	1
	• Sales of cleaning products by Supreme Trading to WHTS Resources Sdn Bhd	-	-	-	3 (represents 0.002% of our Group's revenue)	(1) -
Mandarin Express Sdn Bhd	Sales of F&B Products by SCS to Mandarin Express Sdn Bhd	(1) -	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD (RM'000)
		FYE 2021	FYE 2022	FYE 2023	FPE 2024	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	
My Green	• Purchase of vegetables by SCS from My Green	-	-	4 (represents 0.04% of our Group's administrative expenses)	5 (represents 0.07% of our Group's administrative expenses)	5
	• Procurement of manpower for grass cutting service by SFS from My Green	-	-	32 (represents 0.33% of our Group's administrative expenses)	23 (represents 0.33% of our Group's administrative expenses)	13
Borneo Gourmet (M) Sdn Bhd	Sales of F&B Products by SCS to Borneo Gourmet (M) Sdn Bhd	-	-	2 (represents 0.001% of our Group's revenue)	1 (represents 0.001% of our Group's revenue)	-

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Transacting parties	Nature of transaction and purpose	Transaction value				Between 1 May 2024 and up to the LPD
		FYE 2021	FYE 2022	FYE 2023	FPE 2024	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	
Supreme Trading	• Sales of aluminium foil by SFS to Supreme Trading	(2) 40 (represents 5.78% of our Group's other income)	-	-	-	-
	• Provision of manpower services by SFS to Supreme Trading	32 (represents 4.62% of our Group's other income)	37 (represents 6.98% of our Group's other income)	-	-	-
	• Purchase of motor vehicles by SFS from Supreme Trading	125 (represents 0.16% of our Group's NA)	-	-	-	-
	• Purchase of aluminium foil by BFL from Supreme Trading	1 (represents 0.01% of our Group's administrative expenses)	-	-	-	-
EPT Sdn Bhd	Purchase of Lot 1476 Block 12 Muara Tebas Land District and other assets attached to it by SFS from EPT Sdn Bhd	1,500 (represents 1.94% of our Group's NA)	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

Notes:

- (1) Value less than RM1,000.00.
- (2) *SFS has disposed off aluminium foil to Supreme Trading. This aluminium foil is used for the storage of food products. This transaction is non-recurring in nature and was not made on an arms' length basis. The consideration was fixed at lower than the market price due to this transaction was entered into for the purpose of clearance of the aluminium foil, which is an obsolete stock and was no longer needed by SFS. Besides that, at the point of transaction in FYE 2021, the age of the aluminium foil was already approximately 3 years.*

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10. RELATED PARTY TRANSACTIONS (CONT'D)

Our Directors are of the opinion that, save for the sale of the aluminium foil by SFS to Supreme Trading in FYE 2021 in relation to the disposal of an obsolete stock, the related party transactions were carried out on an arm's length basis and on normal commercial terms which are not unfavourable to our Group but comparable to those generally available to third parties.

Our Directors also confirm that there are no other related party transactions that have been entered by our Group that involves the interest, direct or indirect, of our Directors, major shareholders and / or persons connected to them but not yet effected up to the date of this Prospectus.

After our Listing and in accordance with the ACE Market Listing Requirements, our Company will be required to seek our shareholders' approval each time our Company enters into a material related party transaction. However, if the related party transactions can be deemed as recurrent related party transactions, our Company may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time it wishes to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will, among others, supervise and monitor any related party transactions and the terms thereof and report to our Board for further action, as set out in Section 10.2 of this Prospectus. When necessary, our Board will make appropriate disclosures in our annual report with regard to any related party transaction entered into by us.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors and major shareholders, and / or persons connected with them which have any interest, direct or indirect, in the proposed related party transaction will abstain from voting in respect of his direct and / or indirect shareholdings. Such interested Director and / or major shareholders will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10.1.3 Transactions entered into that are unusual in their nature or conditions

There were no transactions entered into that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets to which we or any of our Subsidiaries were a party to in respect of the Financial Years Under Review and up to the LPD and for the subsequent financial period immediately preceding the date of this Prospectus.

10.1.4 Advances and / or loans made to or for the benefit of related parties

There were no advances and / or loans made to or for the benefit of related parties by our Group during the Financial Years Under Review and up to the LPD.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS**10.2.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee reviews related party transactions to ensure no conflicts of interest arise within our Company or our Group. Our Audit and Risk Management Committee reviews the procedures set by our Company to monitor related party transactions to ensure the integrity of these transactions, procedures or course of conducts. In reviewing the related party transactions, the following, amongst other things will be considered:

- (i) the rationale and the cost / benefit to our Company is first considered;
- (ii) where possible, comparative quotes will be taken into consideration;
- (iii) that the transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group; and
- (iv) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. As disclosed in this Prospectus, some of our Directors and / or major shareholders are also directors and in some cases, shareholders of the related parties of our Group, and with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions shall be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Group, on arm's length basis and are based on normal commercial terms which are not more favourable to the related parties than those generally available to third parties dealing at arm's length and are not to the detriment of our Group.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the ACE Market Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework include, amongst others, the following:

- (i) our Board shall ensure that majority of our Board members are independent directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit and Risk Management Committee for evaluation and assessment who would in turn, make a recommendation to our Board.

11. CONFLICT OF INTEREST

11.1 INTEREST IN SIMILAR BUSINESS OR CONFLICT OF INTEREST

As at the LPD, none of our Directors and / or substantial shareholders of our Group have any interest, whether direct or indirect, in other businesses or corporations which are carrying on a similar trade to that of our Group or which are the customers and / or suppliers of our Group save and except as disclosed below:

No.	Corporation(s)	Nature	Principal activities	Nature of interest
1.	Borneo Gourmet (M) Sdn Bhd	<ul style="list-style-type: none"> Similar business as that of our Group Customer of our Group 	Supply and storage of food products	<p>Lim Ah Ted is our Promoter and major shareholder.</p> <p>He is also a substantial shareholder of Borneo Gourmet (M) Sdn Bhd, in which he has a direct equity interest of 40%.</p>
2.	Asfine Marketing Sdn Bhd	Similar business as that of our Group	General trading in frozen products and dry food	<p>Tan Chiew Ting is our substantial shareholder.</p> <p>He is also a director and a substantial shareholder of Asfine Marketing Sdn Bhd.</p>
3.	Ting & Ling Trading Sdn Bhd	<ul style="list-style-type: none"> Similar business as that of our Group Supplier of our Group Customer of our Group 	General trading	<p>Tan Chiew Ting is our substantial shareholder.</p> <p>He is also a director and a substantial shareholder of Ting & Ling Trading Sdn Bhd.</p>

11. **CONFLICT OF INTEREST (CONT'D)**

No.	Corporation(s)	Nature	Principal activities	Nature of interest
4.	WHTS Resources Sdn Bhd	Customer of our Group	Operation of a restaurant and investment holding in a dormant company	<p>Dato Richard Wee is our Promoter, an indirect major shareholder of our Company by virtue of his substantial shareholdings in RSB which in turn is the controlling shareholder of BNDM and our Non-Independent Executive Chairman.</p> <p>He is also a director of WHTS Resources Sdn Bhd and an indirect substantial shareholder of WHTS Resources Sdn Bhd by virtue of his substantial shareholdings in RSB, which in turn is the controlling shareholder of BNDM.</p>
5.	My Green Integrated Farming (M) Sdn Bhd (formerly known as Supreme Integrated Farming (M) Sdn Bhd) (" My Green ")	Supplier of our Group	Livestock farming and cultivation of agricultural produce	<p>Lim Ah Ted is our Promoter and major shareholder.</p> <p>He is also a director and a substantial shareholder of My Green, in which he has a direct equity interest of 60%.</p>

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11. CONFLICT OF INTEREST (CONT'D)

Our Board is of the view that the above interests do not give rise to a conflict of interest situation, on the following basis:

(i) Borneo Gourmet (M) Sdn Bhd (“BGSB”)

BGSB only trades in non-Halal frozen pork products, of which our Group is not involved in.

Further, Lim Ah Ted who is a major shareholder of our Company is not a director of BGSB and is not involved in the day-to-day operations of BGSB. He holds equity interest in this company mainly for investment purpose only.

(ii) Asfine Marketing Sdn Bhd (“AMSB”)

AMSB supplies frozen food in its principal business of general trading in frozen products and dry food.

Tan Chiew Ting was previously identified as a promoter of our Company for the LEAP Market listing by virtue of him being one of the directors and initial shareholders of BFL, during its incorporation in May 2000. Subsequently, pursuant to a group restructuring exercise for the purpose of the LEAP Market listing, his shares in BFL were sold to SCRIB and in turn, SCRIB became the holding company of BFL. As a result, Tan Chiew Ting became a substantial shareholder of our Company pursuant to the group restructuring exercise. After the LEAP Market listing, he is not involved in the administration, management and operations of our Group and has resigned as a director of BFL in March 2018. As such, while Tan Chiew Ting was identified as one of the promoters during the LEAP Market listing of our Company, Tan Chiew Ting no longer considers himself as a promoter of our Company. His only involvement in our Group is through his shareholding in our Company.

(iii) Ting & Ling Trading Sdn Bhd (“TLTSB”)

The principal business of TLTSB is general trading.

Tan Chiew Ting was previously identified as a promoter of our Company for the LEAP Market listing by virtue of him being one of the directors and initial shareholders of BFL, during its incorporation in May 2000. Subsequently, pursuant to a group restructuring exercise for the purpose of the LEAP Market listing, his shares in BFL were sold to SCRIB and in turn, SCRIB became the holding company of BFL. As a result, Tan Chiew Ting became a substantial shareholder of our Company pursuant to the group restructuring exercise. After the LEAP Market listing, he is not involved in the administration, management and operations of our Group and has resigned as a director of BFL in March 2018. As such, while Tan Chiew Ting was identified as one of the promoters during the LEAP Market listing of our Company, Tan Chiew Ting no longer considers himself as a promoter of our Company. His only involvement in our Group is through his shareholding in our Company.

(iv) WHTS Resources Sdn Bhd (“WHTS”)

The principal business of WHTS is operation of a restaurant and investment holding in a dormant company.

Dato Richard Wee’s involvement in WHTS is mitigated given that it is only in the business of operation of a restaurant, which our Group is not involved in. Further, Dato Richard Wee is not involved in the day-to-day operations of the business activities of WHTS and he also employs a competent management team to manage the daily operations of WHTS. He holds equity interest in this company mainly for investment purpose only.

11. CONFLICT OF INTEREST (CONT'D)

(v) My Green

The principal business of My Green is livestock farming and cultivation of agricultural produce.

Lim Ah Ted's involvement in My Green is mitigated given that it is only in the business of livestock farming and cultivation of agricultural produce, which our Group is not involved in. Further, Lim Ah Ted is not involved in the day-to-day operations of the business activities of My Green and he also employs a competent management team to manage the daily operations of My Green. He holds equity interest in this company mainly for investment purpose only.

11.2 MONITORING AND OVERSIGHT OF CONFLICT OF INTEREST

Upon Listing, our Board and our Audit and Risk Management Committee will supervise any conflict of interest or potential conflict of interest situations and all Directors, substantial shareholders and key senior management will disclose such conflict of interest situations, if any, to our Audit and Risk Management Committee for resolution as and when they arise.

In order to mitigate any possible conflict of interest situation, our Directors, substantial shareholders and key senior management will declare to our Board and our Audit and Risk Management Committee of their interests in other companies at the onset and as and when there are changes in their respective interests in companies outside our Group. Our Audit and Risk Management Committee will then evaluate if such involvement by our Directors, substantial shareholders and key senior management gives rise to a potential conflict of interest situation with our Group's business. When a determination has been made that there is a conflict of interest of a Director(s), substantial shareholder(s) and / or key senior management, our Audit and Risk Management Committee will:

- (i) immediately inform our Board of the conflict of interest situation; and
- (ii) make recommendations to our Board to direct the conflicted Director(s), substantial shareholder(s) and / or key senior management to:
 - (a) withdraw from all his / her executive involvement in our Group in relation to the matter that has given rise to the conflict of interest (in the case where the conflicted Director and / or substantial shareholder is an Executive Director). After his / her withdrawal, he / she will remain in the said executive position to perform his / her executive role in matters that will not give rise to conflict of interest situation; and
 - (b) abstain from all Board deliberation and involvements in matters where he / she has a conflict of interest situation. The conflicted Director(s) shall also abstain from any Board discussions relating to the recommendation of our Audit and Risk Management Committee and the conflicted Director shall not vote or in any way attempt to influence the discussion of, or voting on, the matter at issue. The conflicted Director(s) may however, at the request of our Audit and Risk Management Committee, be present at our meeting for the purposes of answering any questions. The conflicted Director(s) shall also abstain from voting in respect of his / her direct / indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened.

11. CONFLICT OF INTEREST (CONT'D)

In circumstances where a Director is deemed to have a significant, ongoing and irreconcilable conflict of interest with our Group, and where such conflict of interest significantly impedes the Director's ability to carry out his / her fiduciary duties and responsibilities to our Group, our Nomination and Remuneration Committee may determine if the resignation of the conflicted Director from our Board will be appropriate and necessary.

- (iii) identify the person(s) connected to the conflicted Director, substantial shareholder and / or key senior management (if any) and review any business dealings with such person(s) to establish whether a conflict of interest situation arises. Thereafter, the conflicted Director, substantial shareholder and / or key senior management shall undertake to ensure that persons connected to him / her shall abstain from voting in respect of their direct / indirect shareholdings in our Company, if any, on the resolutions pertaining to the said transactions to be tabled at the general meeting to be convened. Our Audit and Risk Management Committee shall also continue to monitor such business dealings to ensure that they are conducted on arms' length basis and based on terms that are favourable to our Group.

11.3 DECLARATION BY EXPERTS

11.3.1 Declaration by Kenanga IB

Kenanga IB confirms that there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Underwriter and Placement Agent for our IPO.

11.3.2 Declaration by Ariffin, Lai & Kan Advocates (Kuching)

Ariffin, Lai & Kan Advocates (Kuching) confirms that there is no existing or potential conflict of interest in its capacity as the Solicitors as to Malaysian law in respect of our IPO.

11.3.3 Declaration by Crowe Malaysia PLT

Crowe Malaysia PLT confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants for our IPO.

11.3.4 Declaration by Providence Strategic Partners Sdn Bhd

Providence confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher for our IPO.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The following table sets out a summary of the consolidated statements of profit or loss and other comprehensive income, consolidated statements of financial position and consolidated statements of cash flows of our Group for the Financial Years Under Review and FPE 2024. The consolidated financial statements have been prepared in accordance with MFRS and IFRS and should be read in conjunction with the Accountants' Report as set out in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, please see Note 3 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.1.1 Consolidated statements of profit or loss and other comprehensive income of our Group

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	187,502	209,953	199,643	116,868	132,695
Cost of sales	(165,742)	(187,953)	(175,781)	(102,281)	(117,037)
GP	21,760	22,000	23,862	14,587	15,658
Other income	692	530	644	352	591
Administrative expenses	(9,609)	(9,557)	(9,794)	(5,448)	(6,898)
Finance costs	(1,341)	(1,421)	(1,422)	(858)	(1,014)
Net impairment losses on financial assets	(621)	(158)	(408)	212	726
PBT	10,881	11,394	12,882	8,845	9,063
Income tax expense	(3,235)	(3,235)	(3,664)	(2,491)	(2,776)
PAT / Total comprehensive income	7,646	8,159	9,218	6,354	6,287
PAT / Total comprehensive income attributable to:					
- Owners of our Company	7,646	8,159	9,218	6,354	6,287
EBITDA ⁽¹⁾	14,097	15,562	16,831	11,196	11,477
GP margin (%) ⁽²⁾	11.61	10.48	11.95	12.48	11.80
PBT margin (%) ⁽³⁾	5.80	5.43	6.45	7.57	6.83
PAT margin (%) ⁽³⁾	4.08	3.89	4.62	5.44	4.74
Basic and diluted EPS (sen) ⁽⁴⁾	6.37	6.80	7.68	5.30	5.24

Notes:

(1) EBITDA is computed as follows:

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	7,646	8,159	9,218	6,354	6,287
Less:					
Interest income	(101)	(57)	(75)	(30)	(57)
Add:					
Taxation	3,235	3,235	3,664	2,491	2,776
Depreciation	1,920	2,748	2,580	1,501	1,457
Amortisation	56	56	22	22	-
Finance costs	1,341	1,421	1,422	858	1,014
EBITDA	14,097	15,562	16,831	11,196	11,477

(2) Computed based on GP over revenue.

12. FINANCIAL INFORMATION (CONT'D)

- (3) PBT margin and PAT margin are calculated based on the respective PBT and PAT for the Financial Years Under Review and FPE 2024 divided by revenue.
- (4) Calculated based on PAT divided by our issued share capital of 120,000,000 Shares in issue. Our Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

12.1.2 Consolidated statements of financial position of our Group

	Audited as at 30 September			Audited as at 30 April
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	27,287	25,954	24,206	23,134
Investment properties	1,563	1,532	1,501	1,483
Right-of-use assets	7,472	7,253	7,044	6,280
Intangible assets	78	22	-	-
Goodwill ⁽¹⁾	21,992	21,992	21,992	21,992
Total non-current assets	58,392	56,753	54,743	52,889
Current assets				
Inventories	32,097	29,177	25,191	30,157
Trade receivables	24,470	32,311	27,816	29,314
Other receivables, deposits and prepayments	1,769	413	341	511
Short-term investments	2,562	1,601	1,652	4,200
Current tax assets	683	1,467	207	54
Fixed deposit with licensed banks	1,573	1,373	1,400	1,426
Cash and bank balances	11,416	16,229	13,308	20,474
Total current assets	74,570	82,571	69,915	86,136
TOTAL ASSETS	132,962	139,324	124,658	139,025
EQUITY AND LIABILITIES				
Equity attributable to owners of our Company				
Share capital	59,867	59,867	59,867	59,867
Retained earnings	17,651	22,294	28,007	31,811
TOTAL EQUITY	77,518	82,161	87,874	91,678
LIABILITIES				
Non-current liabilities				
Bank borrowings	8,623	6,940	5,246	4,518
Deferred tax liability	726	745	562	562
Total non-current liabilities	9,349	7,685	5,808	5,080
Current liabilities				
Bank borrowings	37,646	41,859	23,370	35,179
Trade payables	4,448	3,601	3,466	3,991
Other payables and accrued expenses	3,949	3,409	4,015	2,847
Current tax liabilities	52	609	125	250
Total current liabilities	46,095	49,478	30,976	42,267
TOTAL LIABILITIES	55,444	57,163	36,784	47,347
TOTAL EQUITY AND LIABILITIES	132,962	139,324	124,658	139,025
Number of Shares in issue ('000)	120,000	120,000	120,000	120,000
NA (RM'000)	77,518	82,161	87,874	91,678
NA per Share (sen)	64.60	68.47	73.23	76.40

Note:

- (1) Goodwill arising pursuant to the incorporation of SCR as an investment holding company as part of the group restructuring exercise which later saw the acquisition of SCS, SFS and BFL.

12. FINANCIAL INFORMATION (CONT'D)

12.1.3 Consolidated cash flow statements of our Group

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
PBT	10,881	11,394	12,882	9,063
Adjustments for:				
Amortisation of intangible assets	56	56	22	-
Bad debts written off	13	17	5	12
Depreciation:				
- investment properties	31	31	31	18
- property, plant and equipment	1,678	2,498	2,340	1,320
- right-of-use assets	211	219	209	119
Finance costs	1,341	1,421	1,422	1,014
Impairment losses on trade receivables	726	968	1,399	475
Intangible assets written off	6	-	-	-
Inventories written off, net of reversal	2,564	2,047	837	284
Property, plant and equipment written off	#	7	3	1
Bad debts recovered	-	(6)	(2)	#
Dividend income from short-term investments	(62)	(39)	(51)	(48)
Gain on bargain purchase	-	-	(2)	-
Gain on disposal of property, plant and equipment	(139)	#	(5)	(33)
Gain on disposal of right-of-use assets	-	-	-	(21)
Interest income	(101)	(57)	(75)	(57)
Reversal of impairment loss on trade receivables	(105)	(810)	(991)	(1,201)
Operating profit before changes in working capital	17,100	17,746	18,024	10,946
Changes in working capital:				
(Increase) / Decrease in inventories	(19,326)	873	3,275	(5,251)
(Increase) / Decrease in trade and other receivables	(3,671)	(6,654)	4,189	(954)
(Decrease) / Increase in trade and other payables	(201)	(1,387)	317	(644)
Cash (for) / from operations	(6,098)	10,578	25,805	4,097
Income tax paid	(3,480)	(3,443)	(4,432)	(2,497)
Income tax refunded	-	-	1,136	-
Real property gain tax refunded	-	-	225	-
Interest paid	(1,341)	(1,421)	(1,422)	(1,014)
Interest received	101	57	75	57
Net cash (for) / from operating activities	(10,818)	5,771	21,387	643
Cash flows for investing activities				
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	-	(4)	-
Purchase of property, plant and equipment (Purchase) / Disposal of short-term investments	(4,475)	(1,175)	(597)	(340)
Proceeds from disposal of property, plant and equipment	(2,500)	1,000	-	(2,500)
Proceeds from disposal of property, plant and equipment	267	2	9	281
Proceeds from disposal of right-of-use assets	-	-	-	666
Withdrawal of / (Additions of) fixed deposits with tenure more than 3 months	983	52	(23)	(25)
Net cash for investing activities	(5,725)	(121)	(615)	(1,918)

12. FINANCIAL INFORMATION (CONT'D)

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Cash flows from / (for) financing activities				
Dividend paid	(4,020)	(3,516)	(3,504)	(2,484)
Increase / (Decrease) in bankers' acceptances	13,806	5,194	(24,225)	17,898
Drawdown of term loans	2,066	-	-	-
Repayment of hire purchase obligations	(110)	(140)	(87)	(22)
Repayment of term loans	(2,133)	(1,679)	(1,614)	(985)
Withdrawal of / (Additions to) pledged fixed deposits	1,525	148	(3)	(1)
Net cash from / (for) financing activities	11,134	7	(29,433)	14,406
Net (decrease) / increase in cash and cash equivalents	(5,409)	5,657	(8,661)	13,131
Cash and cash equivalents at the beginning of the financial year / period	15,788	10,379	16,036	7,375
Cash and cash equivalents at the end of the financial year / period	10,379	16,036	7,375	20,506
Cash and cash equivalents comprise:				
Fixed deposits with licensed banks	1,573	1,373	1,400	1,426
Cash and bank balances	11,416	16,229	13,308	20,474
Bank overdrafts	(1,068)	(224)	(5,966)	(1)
	11,921	17,378	8,742	21,899
Less: Fixed deposits pledged to licensed banks	(253)	(105)	(107)	(108)
Less: Fixed deposits with tenure of more than 3 months	(1,289)	(1,237)	(1,260)	(1,285)
Cash and cash equivalents	10,379	16,036	7,375	20,506

Less than RM500

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12. FINANCIAL INFORMATION (CONT'D)**12.2 CAPITALISATION AND INDEBTEDNESS**

The table below summarises our capitalisation and indebtedness as at 30 August 2024, which has been adjusted for the effect of the Public Issue including the utilisation of proceeds.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 August 2024 and is provided for illustrative purposes only.

	<u>Unaudited</u>	<u>Pro Forma I</u>	<u>Pro Forma II</u>	<u>Pro Forma III</u>
	<u>As at 30 August 2024</u>	<u>After Bonus Issue of Shares</u>	<u>After Pro Forma I and Public Issue</u>	<u>After Pro Forma II and utilisation of proceeds</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Indebtedness				
<u>Current</u>				
<i>Secured and guaranteed:</i>				
Bank overdrafts	743	743	743	743
Bankers' acceptance	33,529	33,529	33,529	33,529
Term loans	1,613	1,613	1,613	1,613
	35,885	35,885	35,885	35,885
<i>Secured and unguaranteed:</i>				
Hire purchase payables	58	58	58	58
<u>Non-Current</u>				
<i>Secured and guaranteed:</i>				
Term loans	3,477	3,477	3,477	3,477
<i>Secured and unguaranteed:</i>				
Hire purchase payables	151	151	151	151
Total indebtedness	39,571	39,571	39,571	39,571
Total capitalisation	92,165	92,165	109,665	107,165
Total capitalisation and indebtedness	131,736	131,736	149,236	146,736
Gearing ratio (times) ⁽¹⁾	0.43	0.43	0.36	0.37

Note:

(1) Computed based on total indebtedness over total capitalisation.

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12. FINANCIAL INFORMATION (CONT'D)**12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following management's discussion and analysis of our Group's financial conditions and results of operations for the Financial Years Under Review and FPE 2024 should be read with the Accountants' Report as set out in Section 13 of this Prospectus.

12.3.1 Overview of our business

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

Our range of Frozen and Chilled Food Products include, but are not limited to, frozen meats, frozen seafood, frozen vegetables, frozen butter and cheese, while our range of Ambient F&B Products include, but are not limited to, cream, milk, pasta, juices, bread, seasonings and dressings. Our Non-F&B Products include cleaning and hygiene products such as detergents and oral care products.

12.3.2 Significant factors materially affecting our operations and financial results

Section 9 of this Prospectus details a number of risk factors relating to our business and the industry in which we operate. Some of these risk factors have an impact on our Group's revenue and financial performance. The main factors which affect our revenues and profits include but are not limited to the following:

(i) We distribute third-party brands of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products

Our Group is involved in the distribution of third-party brands of consumer products in Sarawak and Sabah, representing 94.91%, 94.58%, 93.57% and 93.01% of our Group's revenue in FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Further, our procurement of frozen buffalo meat from Allanasons Private Limited contributed 21.51%, 27.18%, 23.38% and 24.87% of our total purchases in FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively. Any material disruptions in our business dealings with third-party brand owners may affect our business and financial performance.

For the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has not experienced any material adverse impact on our business operations and financial performance due to the distribution of third-party brands. Nevertheless, there can be no assurance that the risk of business disruption from the distribution of third-party brands would not have a material adverse impact on our Group in the future.

(ii) We are subject to the risk of disruptions to warehousing and cold storage facilities as well as transportation vehicles

Our business operations are dependent on the continued operations of our warehousing and cold-storage facilities as well as our transportation vehicles. Any disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles such as fire, power failure or breakdown may have an adverse impact on our operations.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not encountered any major disruptions to our warehousing and cold-storage facilities as well as our transportation vehicles. Despite the necessary steps taken to mitigate this risk, there can be no assurance that any occurrence of the abovementioned disruptions will not affect our business operations. We cannot guarantee that the insurance obtained is adequate and sufficient to cover all liabilities and expenses incurred. Further, we cannot

12. FINANCIAL INFORMATION (CONT'D)

assure that the insurance is renewable at the existing premium rate. Notwithstanding the above, our Group will continually review our insurance policies and coverages, and strive to obtain the most competitive premium rates.

(iii) We are subject to the risk of product liability

As a provider of market access and coverage for consumer products, we are principally involved in the distribution of third-party brands as well as our own brands, and therefore exposed to product liability claims which may impact our revenue and profitability. Product liability claims generally arise due to factors, which include but not limited to manufacturing defects, product contamination, product mislabelling and use of uncertified ingredients. While product liability claims are more likely to affect product manufacturers, distributors such as our Group are also aware of the adverse reputational damage and may potentially face legal actions which may have an adverse impact on our revenue and profitability.

For the Financial Years Under Review, FPE 2024 and up to the LPD, our Group has not experienced any product liability claims, therefore we have not experienced any material adverse impact on our business operations and financial performance. Notwithstanding the above, there can be no assurance that we will not experience any product liability claims in the future. Further, there will be no liability on the part of the manufacturer if such liability is incurred or arises directly or indirectly out of the act, omission or negligence on our part.

(iv) We are subject to the risk of negative perception and publicity on our reputation and brands that we distribute

The reputation of consumer goods operators in the food and beverages distribution services industry is sensitive to public perception. For example, F&B Products that are consumed directly by the general public become contaminated, possibly resulting from improper processing, storage or handling during the processing, manufacturing or distribution phases, thereby resulting in food poisoning or other illnesses. As such, any adverse public opinions on any products, brand or effects of any ingredients could have an impact on the affected operator, from manufacturers to distributors and up to retailers.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any recall of third-party brands or our own brands of products or been subjected to any administrative action by relevant authorities in relation to product contamination, sabotage or rumours. Nonetheless, there can be no assurance that the risk in reputation resulting from negative perception and publicity would not have a material adverse impact on our business and financial performance.

(v) We are dependent on our directors and key management personnel

We believe that human capital is one of our key success factors. Over the years, we have built an experienced management and operations team in the business of distribution of third-party brands and our own brands of products, as well as an understanding of our customers' needs and requirements. As such, any loss of our key management personnel, without a suitable and timely replacement, may have a material adverse impact on our business and our continuing ability to compete effectively. Please refer to Section 5 of this Prospectus for the profiles of our Board and key management personnel.

For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not experienced any loss of our key management personnel that has materially impacted our business. Nonetheless, there can be no assurance that the above measures will be successful in attracting and retaining key management personnel or ensuring a smooth transition should changes occur.

12. FINANCIAL INFORMATION (CONT'D)

12.3.3 Overview of our results of operations

For the Financial Years Under Review and FPE 2024, our revenue was mainly derived from the sale of Frozen and Chilled Food Products.

Revenue from the sale of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products are recognised at a point in time when our Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Between FYE 2021 and FYE 2023, revenue from the sale of Frozen and Chilled Food Products increased at a CAGR of 2.85% from RM166.72 million in FYE 2021 to RM176.36 million in FYE 2023. In FYE 2023, the sale of Frozen and Chilled Food Products represented 88.34% of our Group's total revenue.

Between FYE 2021 and FYE 2023, revenue from the sale of Ambient F&B Products increased at a CAGR of 5.05% from RM20.78 million in FYE 2021 to RM22.94 million in FYE 2023. In FYE 2023, the sale of Ambient F&B Products represented 11.49% of our Group's total revenue.

In FYE 2023, a small proportion of our revenue was derived from the sale of Non-F&B Products which represented 0.17% of our Group's total revenue pursuant to the acquisition of Supreme Trading in May 2023. We did not have any sales of Non-F&B Products prior to FYE 2023.

In FPE 2024, the sale of Frozen and Chilled Food Products, Ambient F&B Products and Non-F&B Products represented 88.42%, 11.50% and 0.08% of our Group's total revenue, respectively.

For the Financial Years Under Review and FPE 2024, all our product distribution centres were located in Kuching and Miri. Please refer to Section 7 of this Prospectus for further details on our warehouses and products.

Our revenue is generated from local and overseas sales, and the currencies used in invoicing are RM and USD. Approximately 99.34%, 99.46%, 99.05% and 98.40% of our revenues are denominated in RM for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively, while the remaining revenue is denominated in USD.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.4 Revenue

(i) Revenue by product categories

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<u>Frozen and Chilled Food Products</u>										
Frozen buffalo	35,613	19.00	49,906	23.77	37,517	18.79	21,534	18.42	28,679	21.61
Frozen beef	18,684	9.96	22,797	10.86	23,288	11.67	13,412	11.48	15,305	11.54
Frozen processed food	28,036	14.95	31,846	15.17	39,092	19.58	22,967	19.65	24,023	18.10
Frozen lamb and mutton	29,336	15.64	34,712	16.53	23,827	11.93	14,391	12.31	12,165	9.17
Frozen butter	15,352	8.19	11,279	5.37	13,769	6.90	7,405	6.34	11,394	8.59
Cheese	11,665	6.22	9,903	4.72	9,221	4.62	5,396	4.62	6,547	4.93
Others ⁽¹⁾	28,030	14.95	26,771	12.75	29,642	14.85	17,554	15.02	19,218	14.48
Sub-total	166,716	88.91	187,214	89.17	176,356	88.34	102,659	87.84	117,331	88.42
<u>Ambient F&B Products</u>										
Milk	10,521	5.61	10,784	5.14	9,053	4.54	4,741	4.06	5,152	3.88
Seasoning and dressing	5,052	2.69	6,499	3.09	6,652	3.33	3,997	3.42	4,421	3.33
Canned butter	4,069	2.17	4,652	2.21	6,014	3.01	4,793	4.10	4,316	3.25
Beverage and tea	591	0.32	749	0.36	552	0.28	359	0.31	364	0.28
Others ⁽²⁾	553	0.30	55	0.03	668	0.33	319	0.27	1,003	0.76
Sub-total	20,786	11.09	22,739	10.83	22,939	11.49	14,209	12.16	15,256	11.50
<u>Non-F&B Products</u>										
Oralcare	-	-	-	-	291	0.15	-	-	38	0.03
Household cleaning products	-	-	-	-	57	0.02	-	-	70	0.05
Sub-total	-	-	-	-	348	0.17	-	-	108	0.08
Total	187,502	100.00	209,953	100.00	199,643	100.00	116,868	100.00	132,695	100.00

Notes:

(1) Include, but are not limited to, frozen pastries, frozen seafood and frozen vegetables.

(2) Include, but are not limited to, pasta and noodles, canned food, cooking oil and biscuits.

12. FINANCIAL INFORMATION (CONT'D)

(ii) Revenue by third-party brands and our own brands

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Third-party brands ⁽¹⁾	177,954	94.91	198,565	94.58	186,800	93.57	108,829	93.12	123,423	93.01
Own brands ⁽²⁾	9,548	5.09	11,388	5.42	12,843	6.43	8,039	6.88	9,272	6.99
Total	187,502	100.00	209,953	100.00	199,643	100.00	116,868	100.00	132,695	100.00

Notes:

- (1) Include, but are not limited to, Allana, Golden Churn, Westgold, Pure South and Ramly.
(2) Comprise Supreme, Best Choice and SUNIFEEL.

(iii) Revenue by distribution networks

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Retail ⁽¹⁾	93,584	49.91	81,011	38.59	87,151	43.65	42,146	36.06	44,379	33.44
Wholesalers ⁽²⁾	68,833	36.71	90,958	43.32	73,029	36.58	47,087	40.29	54,120	40.79
Food service operators ⁽³⁾	25,085	13.38	37,984	18.09	39,463	19.77	27,635	23.65	34,196	25.77
Total	187,502	100.00	209,953	100.00	199,643	100.00	116,868	100.00	132,695	100.00

Notes:

- (1) Include supermarkets, hypermarkets, grocery stores and sundry shops.
(2) Include agents, stockists and distributors who utilise their existing network to sell our products to other wholesalers, retailers and HORECA.
(3) Include HORECA, bakeries, canteens and caterers.

12. FINANCIAL INFORMATION (CONT'D)

(iv) Revenue by geographical markets

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Local market										
– Sarawak	185,314	98.83	207,645	98.90	195,496	97.92	114,804	98.24	130,023	97.99
– Sabah	959	0.51	1,176	0.56	2,249	1.13	948	0.81	548	0.41
Overseas										
Myanmar ⁽¹⁾	605	0.32	826	0.39	⁽²⁾ 1,898	0.95	1,116	0.95	2,124	1.60
Singapore ⁽¹⁾	624	0.34	306	0.15	-	-	-	-	-	-
Subtotal	1,229	0.65	1,132	0.54	1,898	0.95	1,116	0.95	2,124	1.60
Total	187,502	100.00	209,953	100.00	199,643	100.00	116,868	100.00	132,695	100.00

Notes:

(1) Overseas sales are denominated in USD.

(2) In FYE 2023, the higher revenue generated from Myanmar of RM1.07 million was attributable to the increased orders for canned butter products.

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12. FINANCIAL INFORMATION (CONT'D)**(v) Commentary on revenue****FYE 2022 compared to FYE 2021**

The COVID-19 pandemic caused a slowdown in the hospitality and tourism industry, and particularly the HORECA segment during 2020 due to the operating capacity and travel restrictions that were imposed throughout 2020 and 2021. The restrictions were gradually lifted and economic activities began showing signs of recovery in 2021. Economic activities increased in the hospitality and tourism segment in 2022. As such, our Group recorded an increase in revenue of RM22.45 million or 11.97% to RM209.95 million in FYE 2022 (FYE 2021: RM187.50 million). The increase was contributed by:

- (a) higher revenue of RM20.49 million from the sale of Frozen and Chilled Food Products. This was mainly derived from higher sales of frozen red meats i.e., frozen lamb and mutton, beef and buffalo of RM23.78 million to customers in the wholesalers and food service operators segments in FYE 2022 who stocked up on these products due to the recovery of economic activities and resumption of dining out after the upliftment of movement control order imposed by the Government in June 2021. In addition, the stock up by customers in the wholesalers and food service operators segments are also attributed to the fear of potential shortages and higher purchase prices resulting from the increased prices for animal feed on the back of the conflict between Russia and Ukraine, in view that both countries are amongst the main global producers and suppliers of animal feed and fertilisers.
- (b) higher revenue of RM1.96 million from the sale of Ambient F&B Products. This was mainly derived from higher sales of seasoning and dressings of RM1.45 million to customers in the wholesalers and food service operators in FYE 2022 following the resumption of dining out.

In FYE 2022, revenue from the distribution of third-party brands amounted to RM198.56 million or 94.58% of our total revenue while the remaining RM11.39 million or 5.42% was derived from the distribution of our own brands of products. The increase in revenue from the distribution of third-party brands was mainly contributed by the higher sales of frozen buffalo meat that we procure from Allanasons Private Limited, which contributed sales of RM9.64 million in FYE 2022.

The significant growth in our sales across various products categories was driven by the higher orders from our customers. In terms of revenue by distribution networks, our revenue from wholesalers increased by RM22.13 million, and food service operators increased by RM12.89 million. The increases in revenue from wholesalers and food service operators were offset by the decrease in revenue from the retail segment of RM12.57 million. This was because the population began to increasingly dine out as Malaysia recovered from the COVID-19 pandemic and the Government relaxed movement controls and operating capacity restrictions for businesses. As the retail distribution network includes supermarkets, hypermarkets, grocery stores and sundry shops that sell products to consumers for at home consumption, the increasing trend in dining out resulted in lower sales from our retail distribution network. Conversely, our Group saw an increase in revenue from the wholesalers who mainly sell our products to HORECA outlets due to increased dining out trend after the upliftment of MCO in 2022.

In terms of revenue by geographical market, Malaysia was our main revenue contributor representing 99.46%, followed by Myanmar (0.39%) and Singapore (0.15%). Our increased revenue for FYE 2022 were contributed from:

- (a) Malaysia: revenue increased by RM22.55 million or 12.11% in FYE 2022 mainly due to increased orders from our customers; and

12. FINANCIAL INFORMATION (CONT'D)

- (b) Myanmar: revenue increased by RM0.22 million or 36.07% in FYE 2022 due to higher sales of canned butter products.

However, the revenue generated from Singapore decreased by RM0.32 million or 51.61% in FYE 2022 due to lower sales orders from customers.

FYE 2023 compared to FYE 2022

Our Group recorded a decrease in revenue of RM10.31 million or 4.91% to RM199.64 million in FYE 2023 (FYE 2022: RM209.95 million). The decrease was contributed by the lower revenue of RM10.85 million from the sale of Frozen and Chilled Food Products attributable to the lower festive sales and out-of-home consumption in FYE 2023, resulting from the sentiments of rising cost of living amid the higher interest rates due to the increase in overnight policy rate by Bank Negara Malaysia during FYE 2023 (from 2.25% to 3.00%). As a result, our product sales for frozen lamb and mutton, and buffalo decreased by RM23.27 million collectively in FYE 2023. The decrease was offset by the increase in revenue from the sale of frozen processed foods of RM7.24 million collectively in FYE 2023, as these products are more affordable compared to frozen lamb and mutton, and buffalo.

The decrease in revenue generated from Frozen and Chilled Food Products were offset by the following category:

- (a) increase in revenue of RM0.20 million from the sale of Ambient F&B Products resulting from the export of Ambient F&B Products to Myanmar and higher sales of canned butter; and
- (b) increase in revenue of RM0.34 million from the sale of Non-F&B Products mainly oral care products (i.e., toothpaste, toothbrush and mouthwash) and household cleaning products (such as detergents for dishes, laundry, floor and appliances) resulting from the acquisition of Supreme Trading in FYE 2023.

In FYE 2023, revenue from the distribution of third-party brands amounted to RM186.80 million or 93.57% of our total revenue while the remaining RM12.84 million or 6.43% was derived from the distribution of our own brands of products. The decrease in revenue from the distribution of third-party brands was contributed by the lower sales of frozen buffalo meat that we procure from Allanasons Private Limited, which contributed sales of RM11.83 million in FYE 2023.

In terms of revenue by distribution networks, our revenue from wholesalers decreased by RM17.93 million. This decrease was offset by the increase in revenue from the retail and food service operators segments of RM6.14 million and RM1.48 million, respectively. During 2023, it was noted that our wholesaler customers ordered lower volumes of frozen lamb and mutton, and buffalo as consumers showed a preference for poultry and processed products that are more affordable in comparison, to counter the impact of inflation.

In terms of revenue by geographical market, Malaysia remained our main revenue contributor representing 99.05%, followed by Myanmar (0.95%). Our lower revenue in FYE 2023 was contributed by Malaysia which decreased by RM11.07 million or 5.30% due to lower orders from our customers. Our revenue from Myanmar increased by RM1.07 million or 128.92% in FYE 2023 due to increased sales orders from customers for canned butter products.

Further in FYE 2023, we did not receive any orders from customers in Singapore and thus did not generate revenue from this country.

12. FINANCIAL INFORMATION (CONT'D)**FPE 2024 compared to FPE 2023**

Our Group recorded an increase in revenue of RM15.83 million or 13.54% to RM132.70 million in FPE 2024 (FPE 2023: RM116.87 million). The increase was mainly contributed by:

- (a) the higher revenue of RM14.67 million from the sale of Frozen and Chilled Food Products attributable to the higher festive sales during FPE 2024; and
- (b) higher revenue of RM1.05 million from the sale of Ambient F&B Products, attributable to higher sale in dairy products i.e., milk, milk powder and butter products as we had launched a new distribution line into Sarawak, which is a new dairy product brand from Malaysia. Further, the revenue from seasoning and dressing also increased by RM0.42 million attributable to higher orders from customers particularly during festive seasons in FPE 2024.

In FPE 2024, the higher revenue from the sale of Frozen and Chilled Food Products was mainly attributable to higher product sales for frozen buffalo, frozen butter, frozen beef and frozen processed food increased by RM14.08 million collectively in FPE 2024. This was moderated by the lower sales for frozen lamb of RM2.22 million.

Further, the higher revenue from the sale of Ambient F&B Products had also contributed to a higher overall revenue in FPE 2024, attributable to higher product sales for milk, seasoning and dressing, increased by RM0.83 million collectively in FPE 2024.

In FPE 2024, revenue from the distribution of third-party brands amounted to RM123.43 million or 93.01% of our total revenue while the remaining RM9.27 million or 6.99% was derived from the distribution of our own brands of products. The increase in revenue from the distribution of third-party brands was contributed by the higher sales of frozen buffalo, frozen butter, frozen beef and frozen processed food, which contributed sales of RM79.40 million in FPE 2024.

In terms of revenue by distribution networks, our revenue from wholesalers and food service operators increased by RM7.03 million and RM6.57 million, respectively. These increases in revenue from wholesalers and food service operators mainly contributed by higher sale of products for frozen buffalo, frozen butter, frozen beef and frozen processed food.

In terms of revenue by geographical market, Malaysia was our main revenue contributor representing 98.40% followed by Myanmar representing 1.60%. Our higher revenue in FPE 2024 was contributed by Malaysia which increased by RM14.82 million or 12.80% due to higher orders from our customers. Our revenue from Myanmar increased by RM1.00 million or 89.29% in FPE 2024 due to higher sales of canned butter products and cheese products.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.5 Cost of sales

(i) Cost of sales by component

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases ⁽¹⁾	148,008	89.30	168,819	89.82	156,167	88.84	90,758	88.73	104,590	89.36
Staff costs ⁽²⁾	6,119	3.69	6,917	3.68	7,639	4.35	4,494	4.39	4,551	3.89
Freight charges, duties and transportation	6,215	3.75	5,888	3.13	5,839	3.32	3,590	3.51	4,103	3.51
Depreciation	1,439	0.87	2,070	1.10	1,920	1.09	1,170	1.14	1,078	0.92
Product display fee ⁽³⁾	1,200	0.72	1,349	0.72	1,251	0.71	706	0.70	762	0.65
Commission ⁽⁴⁾	1,241	0.75	1,257	0.67	1,332	0.76	762	0.75	909	0.78
Packing expenses	414	0.25	526	0.28	392	0.22	196	0.19	302	0.26
Advertising expenses	397	0.24	423	0.23	498	0.28	277	0.27	331	0.28
Upkeep and maintenance ⁽⁵⁾	400	0.24	419	0.22	431	0.25	157	0.15	210	0.18
Utilities	309	0.19	285	0.15	312	0.18	171	0.17	201	0.17
Total	165,742	100.00	187,953	100.00	175,781	100.00	102,281	100.00	117,037	100.00

Notes:

(1) We procure our supplies from local and overseas suppliers. Our purchases are mainly denominated in RM, USD, AUD and EURO

The weighted average exchange rates for USD:RM, AUD:RM and EURO:RM for the Financial Years Under Review and FPE 2024 are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
USD:RM	4.13	4.31	4.53	4.48	4.72
AUD:RM	3.13	3.07	3.02	3.00	3.08
EURO:RM	4.93	4.66	4.77	4.74	5.11

(2) Comprises staff salaries, allowances, bonus, overtime, statutory contribution and staff welfare directly attributable to production and warehousing activities.

12. FINANCIAL INFORMATION (CONT'D)

- (3) *Comprises listing fees (i.e., the introduction and inclusion of each new product in the outlets of our key accounts) and block display fees (additional fees charged for prime space in retail outlets for our product promotion and marketing activities) mainly at supermarkets, hypermarkets and grocery stores.*
- (4) *Represents sales commission to salespersons or agents when a sale is generated and collected from the customer.*
- (5) *Represents costs of maintenance incurred to keep SCS, SFS, BFL and STSB's transportation trucks, warehouses and cold room facilities in good condition.*

(ii) Cost of sales by product categories

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Frozen and Chilled Food Products ⁽¹⁾	146,406	88.33	166,555	88.62	154,401	87.84	89,620	87.62	102,913	87.93
Ambient F&B Products ⁽²⁾	19,336	11.67	21,398	11.38	21,099	12.00	12,661	12.38	14,022	11.98
Non-F&B Products ⁽³⁾	-	-	-	-	281	0.16	-	-	102	0.09
Total	165,742	100.00	187,953	100.00	175,781	100.00	102,281	100.00	117,037	100.00

Notes:

- (1) *Include, but not limited to, frozen meats, frozen processed foods (such as burgers and fries), frozen seafood, frozen vegetables, frozen butter and cheese.*
- (2) *Include, but not limited to, cream, milk, pasta, juices, bread, seasonings and dressings.*
- (3) *Comprise cleaning and hygiene products.*

12. FINANCIAL INFORMATION (CONT'D)**(iii) Commentary on cost of sales****FYE 2022 compared to FYE 2021**

Our cost of sales increased by RM22.21 million or 13.40% to RM187.95 million in FYE 2022 (FYE 2021: RM165.74 million), which was in tandem with the increase in our total revenue of 11.97% in FYE 2022.

The increase in cost of sales was mainly contributed by:

- (a) increase in purchases of RM20.81 million or 14.06% to RM168.82 million in FYE 2022 (FYE 2021: RM148.01 million). This corresponded to the increased sales in frozen lamb and mutton, and buffalo in FYE 2022;
- (b) increase in staff costs of RM0.80 million or 13.07%, attributable to the increased headcount mainly for warehouse, processing and packaging as well as logistics division, overall increase to 175 staff (FYE 2021: 164 staff) to cope with increased orders in FYE 2022; and
- (c) increase in depreciation of RM0.63 million or 43.75%, attributable to the depreciation on the additional plant and machineries purchased in FYE 2022 as well as the full year depreciation charged on the property, plant and equipment in relation to a 3-storey office cum warehouse located at Lot 842. The said 3-storey office cum warehouse was occupied by our Group in May 2021.

The increases in abovementioned items were offset by the decrease in freight charges of RM0.34 million or 5.47%, attributable to the reduced freight rates driven by the easing in supply chain disruptions that had previously built up during the COVID-19 pandemic. During 2022, the reduced levels of port congestion along with weaker cargo arrivals (which led to a slowdown the container and vessel demand) were among the major reasons behind significant decrease in freight rates in 2022.

FYE 2023 compared to FYE 2022

Our cost of sales decreased by RM12.17 million or 6.48% to RM175.78 million in FYE 2023 (FYE 2022: RM187.95 million), which was in tandem with the decrease in our total revenue of 4.91% in FYE 2023.

The decrease in cost of sales was mainly contributed by:

- (a) decrease in purchases of RM12.65 million or 7.49%. This corresponded to the decreased sales in frozen lamb and mutton, and buffalo as well as milk products in FYE 2023;
- (b) decrease in depreciation of RM0.15 million or 7.25%, attributable to an increase in fully depreciated property, plant and equipment from RM6.50 million in FYE 2022 to RM8.01 million in FYE 2023.

The decreases in the abovementioned items were offset by the increase in staff costs of RM0.72 million or 10.40%, mainly attributable to higher salaries due to our Group complying with the Minimum Wage Order 2022 as implemented by the Government in May 2022 and annual salary adjustment for existing staff.

12. FINANCIAL INFORMATION (CONT'D)

FPE 2024 compared to FPE 2023

Our cost of sales increased by RM14.76 million or 14.43% to RM117.04 million in FPE 2024 (FPE 2023: RM102.28 million), which was in tandem with the increase in our total revenue of 13.54% in FPE 2024.

The increase in cost of sales was mainly contributed by:

- (a) increase in purchases of RM13.83 million or 15.24% to RM104.59 million in FPE 2024 (FPE 2023: RM90.76 million). This corresponded to the increased sales in frozen buffalo, frozen butter, frozen beef and frozen processed food in FPE 2024;
- (b) increase in freight charges of RM0.51 million or 14.21%, attributable to the rate hikes by ocean carriers due to the increased demand and load factors coupled with equipment challenges in more origin ports in FPE 2024; and
- (c) increase in commission and packing expenses of RM0.25 million collectively which was in line with the higher products sales during FPE 2024.

12.3.6 Gross profit ("GP")

Our GP increased at a CAGR of 4.72% from RM21.76 million in FYE 2021 to RM23.86 million in FYE 2023. Our overall GP margin increased from 11.61% in FYE 2021 to 11.95% in FYE 2023. Our GP for FPE 2024 increased from RM14.59 million in FPE 2023 to RM15.66 million in FPE 2024. Our overall GP margin decreased from 12.48% in FPE 2023 to 11.80% in FPE 2024.

Performance of our GP margin may be affected by, among others, the following factors:

- (a) selling prices of our products to customers;
- (b) purchasing prices of products from our suppliers; and
- (c) foreign exchange rate arising from the purchase of products from our suppliers.

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12. FINANCIAL INFORMATION (CONT'D)

(i) GP and GP margin by product categories

	Audited						Unaudited			Audited					
	FYE 2021		FYE 2022		FYE 2023		FPE 2023			FPE 2024					
	GP		GP		GP		GP		GP	GP		GP			
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%			
Frozen and Chilled Food Products	20,310	93.34	12.18	20,659	93.90	11.03	21,955	92.01	12.45	13,039	89.39	12.70	14,418	92.08	12.29
Ambient F&B Products	1,450	6.66	6.98	1,341	6.10	5.90	1,840	7.71	8.02	1,548	10.61	10.89	1,234	7.88	8.09
Non-F&B Products	-	-	-	-	-	-	67	0.28	19.25	-	-	-	6	0.04	5.56
Total	21,760	100.00	11.61	22,000	100.00	10.48	23,862	100.00	11.95	14,587	100.00	12.48	15,658	100.00	11.80

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12. FINANCIAL INFORMATION (CONT'D)**(ii) Commentary on GP and GP margin****FYE 2022 compared to FYE 2021**

Our overall GP increased by RM0.24 million or 1.10% to RM22.00 million in FYE 2022 (FYE 2021: RM21.76 million). This was attributable to an increase in the GP from Frozen and Chilled Food Products which was offset by a decrease in the GP from Ambient F&B Products.

Despite the increase in GP, our overall GP margin decreased to 10.48% in FYE 2022 (FYE 2021: 11.61%), attributable to the lower GP margin for Frozen and Chilled Food Products and Ambient F&B Products.

Frozen and Chilled Food Products

Our GP from Frozen and Chilled Food Products increased by RM0.35 million or 1.72% to RM20.66 million in FYE 2022 (FYE 2021: RM20.31 million) which was in tandem with the higher revenue and GP from frozen lamb and mutton, and frozen buffalo as well as frozen processed food.

Despite the increase in our GP from Frozen and Chilled Food Products, our GP margin for Frozen and Chilled Food Products decreased to 11.03% in FYE 2022 (FYE 2021: 12.18%). This was because:

- (a) the increase in purchasing prices for frozen butter products was higher than the increment in its selling price in FYE 2022. Global milk prices reached a record high of USD63.40 / 100kg milk in April 2022 before declining again and averaging at USD54.20 / 100kg milk in FYE 2022. The continuous increase in the prices of animal feed, fertilisers and energy prices is attributable to the conflict between Russia and Ukraine, as well as the low availability of milk supplies is attributable to adverse weather conditions, whereas high input costs for the dairy farmers has led to high levels of milk-related products prices. Despite the global milk prices reaching a record high of USD63.40 / 100kg milk in April 2022 which led to higher purchasing prices for frozen butter products, we were able to mitigate the effects of higher purchasing prices by passing on some of the increase in purchasing prices to our customers during the first half of FYE 2022.

In the second half of FYE 2022, in view of the higher inventories of frozen butter products brought forward from FYE 2021, our Group had given promotional discounts and sold our frozen butter products at cost which led to lower GP margin for our frozen butter products in FYE 2022. The higher inventories of frozen butter products brought forward from FYE 2021 were due to overstocking and nearing expiry of the said products as our Group had overestimated the demand of frozen butter products as compared to the actual sales made during the MCO; and

- (b) we experienced a weaker RM against USD in FYE 2022 which contributed to our lower overall GP margin, USD:RM at 4.31 in FYE 2022 compared to 4.13 in FYE 2021, that was partially cushioned by reduced freight rates for imported purchases in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**Ambient F&B Products**

Our GP from Ambient F&B Products decreased by RM0.11 million or 7.59% to RM1.34 million in FYE 2022 (FYE 2021: RM1.45 million) and our GP margin for Ambient F&B Products decreased to 5.90% in FYE 2022 (FYE 2021: 6.98%). This was because:

- (a) the increase in purchase prices for milk and canned butter products was higher than its selling price increment in FYE 2022. Nonetheless, we were able to pass on some of the increment in purchase price to our customers in FYE 2022; and
- (b) we experienced a weaker RM against USD in FYE 2022 which contributed to our lower overall GP margin, USD:RM at 4.31 in FYE 2022 compared to 4.13 in FYE 2021, that was partially cushioned by reduced freight rates for the imported purchases in FYE 2022.

FYE 2023 compared to FYE 2022

Our overall GP increased by RM1.86 million or 8.45% to RM23.86 million in FYE 2023 (FYE 2022: RM22.00 million) and our overall GP margin increased to 11.95% in FYE 2023 (FYE 2022: 10.48%). This was due to an increase in the GP from Frozen and Chilled Food Products as well as Ambient F&B Products.

Frozen and Chilled Food Products

Our GP from Frozen and Chilled Food Products increased by RM1.30 million or 6.29% to RM21.96 million in FYE 2023 (FYE 2022: RM20.66 million) which was in tandem with the higher revenue and GP from frozen processed food and frozen butter products.

Our GP margin for Frozen and Chilled Food Products increased to 12.45% in FYE 2023 (FYE 2022: 11.03%) mainly attributable to the higher GP margin of frozen butter products. The higher GP margin of frozen butter products was attributable to the lower purchase price for frozen butter products as milk prices were lower in FYE 2023, i.e. average of USD41.53/100kg milk (FYE 2022: USD54.20 / 100kg milk). The lower milk prices in FYE 2023 were a result of the increased supply of milk globally in FYE 2023 attributable to amongst other, normalisation of global feed availability notwithstanding the conflict between Russia and Ukraine. As such, the GP margin for frozen butter products improved and led to the increase in GP margin for Frozen and Chilled Food Products.

Ambient F&B Products

Our GP from Ambient F&B Products increased by RM0.50 million or 37.31% to RM1.84 million in FYE 2023 (FYE 2022: RM1.34 million) and our GP margin for Ambient F&B Products increased to 8.02% in FYE 2023 (FYE 2022: 5.90%). This was also because of the decreased milk price to an average of USD41.53 / 100kg milk in FYE 2023 (FYE 2022: USD54.20 / 100kg milk), which supported higher sales volume of canned butter products.

Non-F&B Products

Our GP from Non-F&B Product recorded RM0.07 million and our GP margin for Non-F&B Product was 19.25% in FYE 2023.

The GP margin for our Non-F&B Products was generally higher than our F&B Products mainly due to our Group providing more promotions and discounts for our F&B products during festivities to match to the price movements of our competitors within the F&B industry. Comparatively, our Non-F&B Products are less susceptible to price changes due to lesser promotional activities compared to our F&B products.

12. FINANCIAL INFORMATION (CONT'D)**FPE 2024 compared to FPE 2023**

Our overall GP increased by RM1.07 million or 7.33% to RM15.66 million in FPE 2024 (FPE 2023: RM14.59 million). This was attributable to an increase in the GP from Frozen and Chilled Food Products.

Despite the increase in GP, our overall GP margin decreased to 11.80% in FPE 2024 (FPE 2023: 12.48%), attributable to the lower GP margin for Frozen and Chilled Food Products and Ambient F&B Products.

Frozen and Chilled Food Products

Our GP from Frozen and Chilled Food Products increased by RM1.38 million or 10.58% to RM14.42 million in FPE 2024 (FPE 2023: RM13.04 million). Our GP margin for Frozen and Chilled Food Products decreased to 12.29% in FPE 2024 (FPE 2023: 12.70%). This was because:

- (a) lower margin of frozen buffalo and frozen processed foods attributable to higher volume of bulk sales of frozen buffalo and frozen processed foods to few customers in FPE 2024 as compared to FPE 2023, of which we generally earn lower profits from the bulk sales; and
- (b) we experienced weaker RM against USD in FPE 2024 which contributed to our lower overall GP margin, USD:RM at 4.72 in FPE 2024 compared to 4.48 in FPE 2023.

The decrease in GP margin for Frozen and Chilled Food Products was cushioned by the higher GP margin of frozen butter products attributable to the lower purchase price for frozen butter and cheese products as milk prices were lower in FPE 2024, i.e. average of USD40.41/100kg milk (FPE 2023: USD43.09/100kg milk). The lower milk prices in FPE 2024 were driven by the increased supply of milk production globally in FPE 2024.

Ambient F&B Products

Our GP from Ambient F&B Products decreased by RM0.32 million or 20.65% to RM1.23 million in FPE 2024 (FPE 2023: RM1.55 million) and our GP margin for Ambient F&B Products decreased to 8.09% in FPE 2024 (FPE 2023: 10.89%). This was because the lower GP margin of milk, milk powder and butter products that we had newly launched into Sarawak in FPE 2024 as part of our Group's marketing and promotion strategy.

Further, the weaker RM against USD in FPE 2024 as compared to FPE 2023 had also resulted the lower GP margin for our Ambient F&B Products.

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12. FINANCIAL INFORMATION (CONT'D)**12.3.7 Other income**

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gain on disposal of property, plant and equipment ⁽¹⁾	139	20.09	-	-	5	0.78	4	1.14	46	7.78
Rental income ⁽²⁾	116	16.76	196	36.98	203	31.52	125	35.51	114	19.29
Interest income ⁽³⁾	101	14.59	57	10.76	75	11.65	30	8.52	57	9.64
Incentive income ⁽⁴⁾	64	9.25	25	4.72	-	-	-	-	3	0.51
Dividend income ⁽⁵⁾	62	8.96	39	7.36	51	7.92	28	7.95	48	8.12
Freight income ⁽⁶⁾	26	3.76	28	5.28	23	3.57	15	4.26	31	5.25
Wage subsidy ⁽⁷⁾	17	2.46	-	-	-	-	-	-	-	-
Bad debts recovered	-	-	6	1.13	2	0.31	2	0.57	-	-
Gain on disposal of right-of-use assets	-	-	-	-	-	-	-	-	21	3.55
Others ⁽⁸⁾	167	24.13	179	33.77	285	44.25	148	42.05	271	45.86
Total	692	100.00	530	100.00	644	100.00	352	100.00	591	100.00

Notes:

- (1) Relates to the disposal of motor vehicles, machineries and equipment to third parties.
- (2) Mainly relates to rental income derived from the rental of 3 units of 3-storey intermediate shophouses located at Lots 14889, 14890 and 14891 Section 65, Kuching Town Land District as well as Miri warehouse located at Lot 1541 Block 3 Miri Concession Land District to third parties. Further details of the 3-storey intermediate shophouses and Miri warehouse are set out in Section 7.23.1 of this Prospectus.
- (3) Relates to interest income from fixed deposits and bank balances deposited in licenced banks.
- (4) Represents sales incentives received from suppliers for rewarding higher sales of products.
- (5) Relates to dividend income received from short-term investment of unit trusts.
- (6) Relates to delivery fees charged to customers.
- (7) Relates to the Wage Subsidy Programme introduced in 2020 as part of the Government's COVID-19 economic stimulus package.
- (8) Mainly includes realised gain on foreign exchange, insurance claim on damage goods and handling service income charged to customers as well as gain on bargain purchase, sponsorship from customers / suppliers, and advertising and promotion incentive from suppliers.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022 compared to FYE 2021**

Our other income decreased by RM0.16 million or 23.41% to RM0.53 million in FYE 2022 (FYE 2021: RM0.69 million), this was mainly attributable to the following:

- (i) absence of one-off gain on disposal of RM0.14 million for 3 units of motor vehicles;
- (ii) decrease in interest income from fixed deposits of RM0.04 million in FYE 2022 due to lower fixed deposits placed with licensed banks in FYE 2022;
- (iii) decrease in incentive income of RM0.03 million in FYE 2022 as one of our suppliers had cancelled the incentive scheme for a brand in December 2021; and
- (iv) decrease in dividend income of RM0.02 million in FYE 2022 due to reduced short-term investments held by our Group during FYE 2022.

The abovementioned decreases were offset by the increase in rental income of RM0.08 million as our Group rented out the Miri warehouse in December 2022 and a total of 3 floors at Lot 14891 to third parties in FYE 2022.

FYE 2023 compared to FYE 2022

Our income increased by RM0.11 million or 20.75% to RM0.64 million in FYE 2023 (FYE 2022: RM0.53 million), this was attributable to higher items for others, mainly the realised gain on forex exchange of RM0.07 million and insurance claims on damaged goods of RM0.03 million.

The higher rental income in FYE 2023 was attributable to full year rentals recognised for the Miri warehouse.

FPE 2024 compared to FPE 2023

Our other income increased by RM0.24 million or 68.57% to RM0.59 million in FPE 2024 (FPE 2023: RM0.35 million). This was mainly attributable to the following:

- (i) higher income of RM0.12 million, attributable to the advertising and promotion incentive from suppliers as well as sponsorship received from our customers / suppliers for our annual dinner;
- (ii) gain on disposal of property, plant and equipment as well as right of use assets of RM0.06 million collectively. In FPE 2024, our Group disposed of a parcel of land with a double storey semi-detached industrial building bearing the address of Lot 8276, Section 64 Kuching Town District, Sarawak and 1 unit of motor vehicle; and
- (iii) higher interest income of RM0.03 million attributable to higher cash and bank balance during FPE 2024.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.8 Administrative expenses

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remuneration ⁽¹⁾	3,207	33.37	3,138	32.84	3,197	32.64	1,846	33.88	1,742	25.25
Staff costs ⁽²⁾	2,224	23.14	2,152	22.52	2,076	21.20	1,181	21.68	1,247	18.08
Office and warehouse expenses ⁽³⁾	980	10.20	897	9.39	932	9.52	485	8.90	708	10.26
Utilities	684	7.12	644	6.74	634	6.47	389	7.14	508	7.36
Professional fee ⁽⁴⁾	648	6.75	694	7.26	1,079	11.02	499	9.16	1,137	16.48
Depreciation	537	5.59	734	7.68	682	6.96	353	6.48	380	5.51
Upkeep and maintenance ⁽⁵⁾	509	5.30	367	3.84	383	3.91	268	4.92	538	7.80
Bank charges	439	4.57	440	4.60	324	3.31	219	4.02	317	4.60
Marketing expenses ⁽⁶⁾	208	2.16	264	2.76	278	2.84	118	2.17	189	2.74
Travelling expenses	90	0.94	157	1.64	194	1.98	89	1.63	108	1.57
Others ⁽⁷⁾	83	0.86	70	0.73	15	0.15	1	0.02	24	0.35
Total	9,609	100.00	9,557	100.00	9,794	100.00	5,448	100.00	6,898	100.00

Notes:

- (1) Directors' remuneration mainly consists of salaries, allowances, bonuses, employees provident fund and social security contributions as well as directors' fees.
- (2) Mainly consists of salaries, wages and allowances, bonuses, employees provident fund, social security contributions and other staff related costs.
- (3) Mainly includes quit rent and assessment of office and warehouse, insurances, security expenses, cleaning expenses as well as printing and stationery.
- (4) Mainly includes audit, legal and secretarial fees.
- (5) For warehouse, offices, office equipment and computers.
- (6) Incurred for business development to support our business, such as advertisements.
- (7) Mainly include property, plant and equipment written off, bad debts written off, loss on disposal of property, plant and equipment as well as loss on foreign exchange.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2022 compared to FYE 2021**

Our administrative expenses decreased by RM0.05 million or 0.52% to RM9.56 million in FYE 2022 (FYE 2021: RM9.61 million). This was mainly attributable to the following items:

- (i) decrease in directors' remuneration and staff costs of RM0.14 million collectively due to lower bonus payout in FYE 2022;
- (ii) decrease in upkeep and maintenance of RM0.14 million to RM0.37 million in FYE 2022 (FYE 2021: RM0.51 million). This was attributable to higher costs incurred in FYE 2021 to repair and replace spare parts for air-conditioning system of cold rooms at SCS due to damages; and
- (iii) decrease in office and warehouse expenses of RM0.08 million to RM0.90 million (FYE 2021: RM0.98 million).

The abovementioned decreases were offset by the following items:

- (i) increase in depreciation of RM0.19 million to RM0.73 million in FYE 2022 (FYE 2021: RM0.54 million) due to additional furniture, fitting and equipment for offices;
- (ii) increase in travelling and marketing expenses of collectively RM0.12 million following the full upliftment of travel restrictions in FYE 2022 which was previously imposed by the Government in 2020 and 2021, respectively.

FYE 2023 compared to FYE 2022

Our administrative expenses increased by RM0.23 million or 2.41% to RM9.79 million in FYE 2023 (FYE 2022: RM9.56 million). This was mainly attributable to an increase in professional fees of RM0.39 million or 56.52%, mainly fees incurred for the transfer listing of our Group from the LEAP Market to ACE market.

The abovementioned increase was offset by the decrease in bank charges of RM0.12 million or 27.27% attributable to lower bankers' acceptance fees as we drawdown less bankers' acceptance in FYE 2023 as compared to FYE 2022.

FPE 2024 compared to FPE 2023

Our administrative expenses increased by RM1.45 million or 26.61% to RM6.90 million in FPE 2024 (FPE 2023: RM5.45 million). This was mainly attributable to the following items:

- (i) increase in professional fee of RM0.64 million to RM1.14 million in FPE 2024 (FPE 2023: RM0.50 million), mainly fees incurred for the transfer listing of our Group from the LEAP Market to ACE Market;
- (ii) increase in upkeep and maintenance of RM0.27 million to RM0.54 million in FPE 2024 (FPE 2023: RM0.27 million), attributable to higher costs incurred in FPE 2024 due to upgrade, maintenance and construction works at Lot 919 and Lot 842; and
- (iii) increase in office and warehouse expenses of RM0.23 million to RM0.71 million in FPE 2024 (FPE 2023: RM0.48 million), mainly attributable to higher insurance costs for office and warehouse in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

12.3.9 Finance costs

	Audited						Unaudited		Audited	
	FYE 2021		FYE 2022		FYE 2023		FPE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Interest expense on:										
bankers' acceptance	862	64.28	948	66.71	841	59.14	547	63.75	789	77.81
term loans	381	28.41	348	24.49	335	23.56	188	21.91	153	15.09
bank overdrafts	82	6.12	113	7.95	240	16.88	119	13.87	70	6.90
hire purchase	16	1.19	12	0.85	6	0.42	4	0.47	2	0.20
Total	1,341	100.00	1,421	100.00	1,422	100.00	858	100.00	1,014	100.00

FYE 2022 compared to FYE 2021

Our total finance costs increased by RM0.08 million or 5.97% to RM1.42 million in FYE 2022 (FYE 2021: RM1.34 million), was mainly attributable to higher interests charged on bankers' acceptance of RM0.09 million in FYE 2022, resulting from higher utilisation of bankers' acceptance for purchase of supplies. We had drawn down a total of RM107.49 million bankers' acceptance for the purchase of supplies in FYE 2022 (FYE 2021: RM99.49 million).

FYE 2023 compared to FYE 2022

Our total finance costs for FYE 2023 recorded at RM1.42 million (FYE 2022: RM1.42 million).

During the FYE 2023, we recorded higher interests charged on bank overdraft was attributable to higher utilisation of bank overdraft (as at 30 September 2023: RM5.97 million, as at 30 September 2022: RM0.22 million) for working capital purposes. The increase in interest charged on bank overdraft was offset by the decrease in interests charged on bankers' acceptance, attributable to lower utilisation of bankers' acceptance (FYE 2023: RM99.43 million, FYE 2022: RM107.49 million) coupled with higher repayment of bankers' acceptance made during FYE 2023.

FPE 2024 compared to FPE 2023

Our total finance costs increased by RM0.15 million or 17.44% to RM1.01 million in FPE 2024 (FPE 2023: RM0.86 million), was mainly attributable to higher interests charged on bankers' acceptance of RM0.24 million in FPE 2024, resulting from higher interest rates charged in FPE 2024, ranging from 2.31% to 5.45% in FPE 2023 to 3.41% to 5.95% in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.3.10 Net impairment losses / (gain) on financial assets**

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Impairment losses on trade receivables	726	968	1,399	701	475
Reversal of impairment loss on trade receivables	(105)	(810)	(991)	(913)	(1,201)
Total	621	158	408	(212)	(726)

Impairment loss on trade receivables was provided based on expected credit losses in accordance with MFRS 9 Financial Instruments. Collective impairment was based on the credit risk and the days past due, while individual impairment was based on specific receivables that are credit impaired. Among the factors considered for credit risk include the historical payment trends and forward-looking information. For further details on the policy, please refer to Section 13 of this Prospectus.

FYE 2022 compared to FYE 2021

Our Group had net impairment loss on financial assets of RM0.16 million due to higher assessment on expected credit loss of trade receivables in accordance with the MFRS 9: Financial Instruments, representing impairment loss on trade receivables amounting to RM0.97 million. We measure the expected credit loss of trade receivables based on the payment profiles of past sales and the corresponding historical payment trends and adjust for reasonable and supportable forward-looking information. The impairment losses on trade receivables was offset by the reversal of impairment losses on trade receivables amounting to RM0.81 million due to subsequent collection for those were individually and collectively impaired in previous years.

FYE 2023 compared to FYE 2022

Our Group had net impairment loss on financial assets of RM0.41 million due to higher assessment on expected credit loss of trade receivables in accordance with the MFRS 9: Financial Instruments, representing impairment loss on trade receivables amounting to RM1.40 million. We measure the expected credit loss of trade receivables based on the payment profiles of past sales and the corresponding historical payment trends. The impairment losses on trade receivables were offset by the reversals of impairment losses on trade receivables amounting to RM0.99 million due to subsequent collection for those which were individually and collectively impaired in previous years.

FPE 2024 compared to FPE 2023

Our Group had net impairment gain on financial assets of RM0.73 million due to the reversals of impairment losses on trade receivables amounting to RM1.20 million due to subsequent collection for those which were individually and collectively impaired in previous years. The impairment gain on trade receivables were offset by the impairment losses on trade receivables of RM0.48 million arising from the assessment on expected credit loss of trade receivables in accordance with the MFRS 9: Financial Instruments. We measure the expected credit loss of trade receivables based on the payment profiles of past sales and the corresponding historical payment trends.

12. FINANCIAL INFORMATION (CONT'D)**12.3.11 PBT, PAT and effective tax rate**

	Audited			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	10,881	11,394	12,882	8,845	9,063
PBT margin (%)	5.80	5.43	6.45	7.57	6.83
Total taxation (RM'000)	3,235	3,235	3,664	2,491	2,776
Effective tax rate (%)	29.73	28.39	28.44	28.16	30.63
PAT (RM'000)	7,646	8,159	9,218	6,354	6,287
PAT margin (%)	4.08	3.89	4.62	5.44	4.74

FYE 2022 compared to FYE 2021

Our PBT increased by RM0.51 million or 4.69% to RM11.39 million in FYE 2022 (FYE 2021: RM10.88 million) and our PAT increased by RM0.51 million or 6.67% to RM8.16 million in FYE 2022 (FYE 2021: RM7.65 million). The increase in both PBT and PAT was mainly due to the increase in our revenue and GP from Frozen and Chilled Food Products and lower net impairment loss on financial assets as explained in Sections 12.3.4, 12.3.6 and 12.3.10 of this Prospectus, respectively.

Our PBT margin declined to 5.43% for FYE 2022 (FYE 2021: 5.80%) while our PAT margin decreased to 3.89% for FYE 2022 (FYE 2021: 4.08%). The decline was due to the lower GP margins from Frozen and Chilled Food Products as well as Ambient F&B Products. The decrease in other income also contributed to the lower PBT margin for FYE 2022. Please refer to Sections 12.3.6 and 12.3.7 of this Prospectus, respectively for further details on our GP margin by product categories and other income.

For FYE 2021, our effective tax rate was 29.73% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purpose of RM0.52 million which mainly includes depreciation for non-qualifying assets as well as the impairment loss on trade receivables. These non-deductible tax expenses are mainly from SCRB. In addition, there was a net tax impact of RM0.08 million on the deferred tax assets not recognised during the financial year due to deferred tax movement not recognised during the financial year mainly from SFS and SCRB, and under provision of taxation in previous financial year of RM0.05 million in FYE 2021 mainly from SFS and SCS.

For FYE 2022, our effective tax rate was 28.39% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purpose of RM0.61 million which includes depreciation expenses on non-qualifying assets, legal and professional fees and amortisation expenses. These non-deductible tax expenses are mainly from SCS. In addition, the above was offset by a net tax impact of RM0.06 million on the deferred tax assets not recognised during the financial year and over provision of taxation in previous financial year of RM0.04 million in FYE 2022 mainly from SCS.

FYE 2023 compared to FYE 2022

Our PBT increased by RM1.49 million or 13.08% to RM12.88 million in FYE 2023 (FYE 2022: RM11.39 million) and our PAT increased by RM1.06 million or 12.99% to RM9.22 million in FYE 2023 (FYE 2022: RM8.16 million). The increase in both PBT and PAT was mainly due to the increase in our revenue and GP from all product categories as explained in Sections 12.3.4 and 12.3.6 of this Prospectus, respectively, despite the increased administrative expense and net impairment loss in financial asset.

12. FINANCIAL INFORMATION (CONT'D)

Our PBT margin increased to 6.45% for FYE 2023 (FYE 2022: 5.43%) while our PAT margin increased to 4.62% for FYE 2023 (FYE 2022: 3.89%). The increase was due to the higher GP margins from all product categories, especially Frozen and Chilled Food Products. Please refer to Section 12.3.6 of this Prospectus for further details on our GP margin by product categories.

For FYE 2023, our effective tax rate was 28.44% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purposes which include depreciation expenses on non-qualifying assets, amortisation expenses and legal and professional fees in relation to the Proposed Transfer of Listing. In addition, the above was offset by overprovision of taxation in previous financial year of RM0.02 million in FYE 2023 mainly from SCS.

FPE 2024 compared to FPE 2023

Our PBT increased by RM0.21 million or 2.37% to RM9.06 million in FPE 2024 (FPE 2023: RM8.85 million). The increase in PBT was due to the increase in our revenue and GP from Frozen and Chilled Food Products, as explained in Sections 12.3.4 and 12.3.6 of this Prospectus, respectively as well as higher other income as explained in Sections 12.3.7 of this Prospectus. Our PAT decreased by RM0.06 million or 0.94% to RM6.29 million in FPE 2024 (FPE 2023: RM6.35 million) was attributable to higher income tax expense of RM0.29 million in FPE 2024.

Our PBT margin decreased to 6.83% for FPE 2024 (FPE 2023: 7.57%) while our PAT margin decreased to 4.74% for FPE 2024 (FPE 2023: 5.44%). The decrease was due to the lower GP margins for Frozen and Chilled Food Products as well as Ambient F&B Products. Please refer to Sections 12.3.6 of this Prospectus for further details on our GP margin by product categories.

For FPE 2024, our effective tax rate was 30.63% which was higher than the statutory tax rate of 24.00%. This was mainly due to certain expenses disallowed for tax purposes which include depreciation expenses on non-qualifying assets, and legal and professional fees in relation to the Proposed Transfer of Listing as well as under provision of taxation in previous financial year of RM0.16 million in FPE 2024 mainly from SCS, SFS and STSB.

Please refer to Section 13 Note 27 of this Prospectus for further details on the income tax expenses.

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12. FINANCIAL INFORMATION (CONT'D)**12.3.12 Review of financial positions****(i) Assets**

	Audited as at 30 September			Audited as at
	2021	2022	2023	30 April
	RM'000	RM'000	RM'000	2024
				RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	27,287	25,954	24,206	23,134
Investment properties	1,563	1,532	1,501	1,483
Right-of-use assets	7,472	7,253	7,044	6,280
Intangible assets	78	22	-	-
Goodwill ⁽¹⁾	21,992	21,992	21,992	21,992
Total non-current assets	58,392	56,753	54,743	52,889
Current assets				
Inventories	32,097	29,177	25,191	30,157
Trade receivables	24,470	32,311	27,816	29,314
Other receivables, deposits and prepayments	1,769	413	341	511
Short-term investments	2,562	1,601	1,652	4,200
Current tax assets	683	1,467	207	54
Fixed deposit with licensed banks	1,573	1,373	1,400	1,426
Cash and bank balances	11,416	16,229	13,308	20,474
Total current assets	74,570	82,571	69,915	86,136
TOTAL ASSETS	132,962	139,324	124,658	139,025

Note:

- (1) Goodwill arising pursuant to the incorporation of SCR as an investment holding company as part of the group restructuring exercise which later saw the acquisition of SCS, SFS and BFL.

2022 compared to 2021

Our total assets increased by RM6.36 million or 4.78% to RM139.32 million as at 30 September 2022 (30 September 2021: RM132.96 million). This was mainly attributable to the increase in the current assets of RM8.00 million and it was offset by the decrease in non-current assets of RM1.64 million.

The increase in current assets of RM8.00 million or 10.73% was mainly contributed by the following items:

- (a) increase in cash and bank balances of RM4.81 million mainly attributable to the higher balances from SCS arising from collections from customers; and
- (b) increase in trade receivables of RM7.84 million which was in line with the higher revenue in FYE 2022.

The increase in current assets was partially offset by the following items:

- (a) decrease in inventories of RM2.92 million, attributable to lower inventories of chilled food products; and

12. FINANCIAL INFORMATION (CONT'D)

- (b) decrease in other receivables, deposits and prepayments of RM1.36 million, mainly attributable to the advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products as part of securing products booking for purchases. Subsequently, these advance payments formed part of our settlement for invoices issued when the products are delivered to us.

The increase in total asset was offset by the decrease in our non-current assets of RM1.64 million or 2.81% to RM56.75 million as at 30 September 2022 (30 September 2021: RM58.39 million). This was mainly contributed by the decrease in property, plant and equipment of RM1.34 million attributable to the higher depreciation relating to the 3-storey office cum warehouse located at Lot 842 which was completed in October 2020 together with its associated furniture, fittings and equipment as well as plant and machineries.

2023 compared to 2022

Our total assets decreased by RM14.66 million or 10.52% to RM124.66 million as at 30 September 2023 (30 September 2022: RM139.32 million). This was mainly attributable to the decrease in the current assets of RM12.65 million and non-current assets of RM2.01 million.

The decrease in current assets and non-current assets were mainly contributed by the following items:

- (a) decrease in property, plant and equipment of RM1.74 million attributable to depreciation charged in FYE 2023 of RM2.34 million and this was offset by the addition of property, plant and equipment of RM0.60 million (mainly comprising plant and machineries of RM0.22 million and cement works with floor hardener for freezer and chiller rooms at Lot 842 of RM0.24 million) in FYE 2023;
- (b) decrease in right-of-use assets of RM0.21 million attributable to the depreciation charged in FYE 2023;
- (c) decrease in inventories of RM3.99 million attributable to lesser inventories for lamb, mutton and buffalo meats maintained by our Group due to reduced sales of the aforementioned items in FYE 2023;
- (d) decrease in trade receivables of RM4.49 million which was in line with the lower revenue in FYE 2023 as compared to FYE 2022;
- (e) decrease in cash and bank balances of RM2.92 million mainly attributable to the payment on our Group's operating expenditure and higher repayment made to bankers' acceptance; and
- (f) decrease in current tax assets of RM1.26 million, attributable to receipt of tax refund from LHDN arising from overpayments made mainly by SFS and SCRB.

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12. FINANCIAL INFORMATION (CONT'D)**30 April 2024 compared to 30 September 2023**

Our total assets increased by RM14.37 million or 11.53% to RM139.03 million as at 30 April 2024 (30 September 2023: RM124.66 million). This was mainly attributable to the increase in the current assets of RM16.22 million and this was offset by the decrease in non-current assets of RM1.85 million as at 30 April 2024.

The increase in current assets was mainly contributed by the following items:

- (a) increase in inventories of RM4.97 million attributable to higher purchases of supplies for the anticipated increase in bulk sales and festive sales;
- (b) increase in trade receivables of RM1.49 million which was in line with the higher product sales and revenue towards the end of FPE 2024;
- (c) increase in short-term investment of RM2.55 million, mainly purchase of unit trusts of RM2.50 million in FPE 2024; and
- (d) increase in cash and bank balances of RM7.16 million attributable to higher internally generated fund, mainly from our collection from customers. Our trade receivables turnover period improved from 55 days in FYE 2023 to 46 in FPE 2024.

The decrease in non-current assets were mainly contributed by the decrease in property, plant and equipment of RM1.08 million, mainly attributable to depreciation charged in FPE 2024 of RM1.32 million.

(ii) Liabilities

	Audited as at 30 September			Audited as at
	2021	2022	2023	30 April
	RM'000	RM'000	RM'000	RM'000
LIABILITIES				
Non-current liabilities				
Bank borrowings	8,623	6,940	5,246	4,518
Deferred tax liability	726	745	562	562
Total non-current liabilities	9,349	7,685	5,808	5,080
Current liabilities				
Bank borrowings	37,646	41,859	23,370	35,179
Trade payables	4,448	3,601	3,466	3,991
Other payables and accrued expenses	3,949	3,409	4,015	2,847
Current tax liabilities	52	609	125	250
Total current liabilities	46,095	49,478	30,976	42,267
TOTAL LIABILITIES	55,444	57,163	36,784	47,347

2022 compared to 2021

Our total liabilities increased by RM1.72 million or 3.10% to RM57.16 million as at 30 September 2022 (30 September 2021: RM55.44 million), mainly attributable to the increase in the current liabilities of RM3.38 million and was offset by the decrease in non-current liabilities of RM1.66 million as at 30 September 2022.

12. FINANCIAL INFORMATION (CONT'D)

The increase in the current liabilities of RM3.38 million or 7.33% was contributed by the increase in short term bank borrowings of RM4.21 million, attributable to the higher outstanding bankers' acceptance of RM5.19 million as at 30 September 2022. The increase in bankers' acceptance was offset by the decrease in bank overdraft of RM0.84 million. The bankers' acceptance was used to fund our purchases of supplies and bank overdraft was used to finance our working capital.

The increase in current liabilities was offset by the decrease in trade payables of RM0.85 million. The decrease in trade payables was attributable to timely payments made to suppliers which our trade payables turnover period reduced to 7 days in FYE 2022 (FYE 2021: 10 days).

The increase in current liabilities was offset by the decrease in non-current liabilities of RM1.66 million or 17.75%, contributed by the decrease in non-current bank borrowings of RM1.68 million which was attributable to scheduled repayment made for term loans.

2023 compared to 2022

Our total liabilities decreased by RM20.38 million or 35.65% to RM36.78 million as at 30 September 2023 (30 September 2022: RM57.16 million), attributable to the decrease in the current liabilities of RM18.50 million and non-current liabilities of RM1.88 million as at 30 September 2023.

The decrease in current liabilities of RM18.50 million or 37.39% was mainly contributed by the decrease in short-term bank borrowings of RM18.49 million. The decrease in short-term bank borrowings was mainly attributable to the lower outstanding bankers' acceptance of RM24.22 million as at 30 September 2023 and it was offset by the higher bank overdraft of RM5.75 million.

The decrease in non-current liabilities of RM1.88 million or 24.45% was contributed by the decrease in bank borrowings of RM1.69 million, mainly attributable to repayment of term loans.

30 April 2024 compared to 30 September 2023

Our total liabilities increased by RM10.57 million or 28.74% to RM47.35 million as at 30 April 2024 (30 September 2023: RM36.78 million), attributable to the increase in the current liabilities of RM11.29 million and this was offset by the decrease in non-current liabilities of RM0.73 million as at 30 April 2024.

The increase in current liabilities of RM11.29 million or 36.44% was mainly contributed by the increase in short-term bank borrowings of RM11.81 million. The increase in short-term bank borrowings was mainly attributable to the higher outstanding bankers' acceptance of RM33.59 million (30 September 2023: RM15.70 million) which was used to fund our purchase of supplies as at 30 April 2024.

The decrease in non-current liabilities of RM0.73 million or 12.56% was contributed by the decrease in bank borrowings of RM0.73 million, attributable to repayment of term loans in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)**12.4 LIQUIDITY AND CAPITAL RESOURCES****12.4.1 Working capital**

Our business operations are financed by a combination of both internal and external sources of funds. Internal sources of funds comprised cash and bank balance, as well as cash generated from our operations, while external sources were mainly banking facilities from financial institutions. The utilisation of these funds was for our business operations and growth.

Based on our audited consolidated statements of financial positions as at 30 April 2024, we have:

- (i) cash and bank balances with licensed banks of RM20.47 million (excluding fixed deposits placed and pledged to the bank); and
- (ii) working capital of RM43.87 million, being the difference between current assets of RM86.14 million and current liabilities of RM42.27 million.

As at the LPD, we have credit facilities, which mainly consist of term loans, bank overdraft and bankers' acceptance with a total credit limit of RM118.99 million, of which RM72.39 million has yet to be utilised.

After taking into consideration the funding requirements for our committed capital expenditures, our future plans as set out in Section 7.18 of this Prospectus, our existing level of cash and bank balances with licensed banks, expected cash flows to be generated from our operations, credit facilities available and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for 12 months from the date of this Prospectus.

12.4.2 Cash flow

The following is our cash flow for the Financial Years Under Review and FPE 2024 based on our audited Consolidated Financial Statements. This should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Net cash (for) / from operating activities ⁽¹⁾	(10,818)	5,771	21,387	643
Net cash for investing activities	(5,725)	(121)	(615)	(1,918)
Net cash from / (for) financing activities	11,134	7	(29,433)	14,406
Net (decrease) / increase in cash and cash equivalents	(5,409)	5,657	(8,661)	13,131
Cash and cash equivalents at the beginning of the financial year / period	15,788	10,379	16,036	7,375
Cash and cash equivalents at end of the financial year / period	10,379	16,036	7,375	20,506

Our cash and cash equivalents are held in RM. There are no legal, financial or economic restrictions on our Subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances subject to the availability of distributable profits and reserves, and compliance with any applicable financial covenants.

12. FINANCIAL INFORMATION (CONT'D)**(i) Net cash (for) / from operating activities****FYE 2021**

For FYE 2021, our net cash for operating activities was RM10.82 million after taking into account the following:

- (a) increase in the inventory of RM19.33 million mainly attributable to higher inventories of Frozen and Chilled Food Products in line with the higher purchases in FYE 2021;
- (b) increase in trade and other receivables of RM3.67 million attributable to higher trade receivables of RM2.05 million which was in line with higher revenue in FYE 2021, and advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products as part of securing products booking for purchases. Subsequently, these advance payments formed part of our settlement for invoices issued when the products are delivered to us;
- (c) decrease in trade and other payables of RM0.20 million. This was because we made timely payments to suppliers which our trade payables turnover period reduced to 10 days in FYE 2021 (FYE 2020: 11 days); and this was offset by the higher accruals provided for commissions and bonus to existing employees; and
- (d) payment of income tax of RM3.48 million and interests paid of RM1.34 million.

For FYE 2021, the negative operating cashflow was mainly due to bulk purchase of supplies (mainly frozen lamb and mutton, and buffalo meats under Frozen and Chilled Food Products) in anticipation of additional sales due to economic recovery, resumption of business activities and improving consumer spending subsequent to the gradual upliftment of the MCO. As such, our Group has made these bulk purchases to ensure sufficient supply of goods to our customers for FYE 2022. Our Group's revenue for FYE 2022 increased by RM22.41 million or 11.95%.

FYE 2022

For FYE 2022, our net cash from operating activities was RM5.77 million after taking into account the following:

- (a) decrease in inventories of RM0.87 million attributable to lower inventories of chilled food products;
- (b) increase in trade and other receivables of RM6.65 million mainly attributed to higher trade receivables of RM7.84 million which was in line with higher revenue in FYE 2022, and this was offset by the decrease in advance payment of RM1.24 million to few suppliers for the purchase of Frozen and Chilled Food Products in FYE 2021;
- (c) decrease in trade and other payables of RM1.39 million, mainly attributed to timely payments made to suppliers which our trade payables turnover period reduced to 8 days in FYE 2022 (FYE 2021: 11 days); and
- (d) payment of income tax of RM3.44 million and interests paid of RM1.42 million.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023**

For FYE 2023, our net cash from operating activities was RM21.39 million mainly after taking into account the following:

- (a) decrease in inventories of RM3.28 million mainly attributable to lower inventories of Frozen and Chilled Food Products as most purchases were made in the following month;
- (b) decrease in trade and other receivables of RM4.19 million mainly attributable to decrease in trade receivable which was in line with the lower revenue in FYE 2023 as compared to FYE 2022;
- (c) increase in trade and other payables of RM0.32 million, mainly attributable to higher accruals of RM0.41 million for commissions and bonus to existing employees;
- (d) payment of income tax of RM4.43 million and interests paid of RM1.42 million;
- (e) income tax refunded of RM1.14 million due to overpayments made mainly by SFS and SCRB; and
- (f) real property gain tax refunded of RM0.23 million for the disposal of Lot 1201 due to overassessment by LHDN.

FPE 2024

For FPE 2024, our net cash from operating activities was RM0.64 million after taking into account the following:

- (a) increase in the inventory of RM5.25 million mainly attributable to higher inventories of Frozen and Chilled Food Products in line with the higher purchases in FPE 2024 to cater for the anticipated increase in bulk sales and festive sales;
- (b) increase in trade and other receivables of RM0.95 million mainly attributable to higher trade receivables of RM1.49 million which was in line with higher revenue in FPE 2024;
- (c) decrease in trade and other payables of RM0.64 million. This was mainly attributable to lower accruals due to bonus payout in January 2024; and
- (d) payment of income tax of RM2.50 million and interests paid of RM1.01 million.

(ii) Net cash for investing activities**FYE 2021**

For FYE 2021, our net cash for investing activities was RM5.73 million. This was attributable to the following:

- (a) cash payment of RM4.48 million for the purchase of the following:
 - (i) a freehold land and building by SFS which is located at Lot 1476 of RM1.42 million;
 - (ii) construction works for our new warehousing facility comprising a 3-storey office cum warehouse at Lot 842 of RM0.91 million. This capital work in progress was subsequently reclassified to buildings upon completion;

12. FINANCIAL INFORMATION (CONT'D)

- (iii) additional furniture, fittings and equipment and renovation for Lot 1476 and Lot 842 of RM1.13 million; and
 - (iv) 7 units of motor vehicles and plant and machineries (including meat grinder machine, meat slicer machine and baking oven), totalling RM1.02 million.
- (b) cash payment of RM2.50 million for the purchase of unit trust funds for short-term investments.

The above cash outflows were offset by the following cash inflows:

- (a) withdrawal of fixed deposits with tenure more than 3 months amounting to RM0.98 million; and
- (b) proceeds from disposal of property, plant and equipment of RM0.27 million, mainly 3 units of motor vehicles.

FYE 2022

For FYE 2022, our net cash for investing activities was RM0.12 million. This was attributable to cash payment of RM1.18 million for the purchase of computer and office equipment for staff use as well as conference table and chairs for meeting room, 1 unit of motor vehicle and plant and machineries (including GudangSys WMS and 1 unit of indoor type electric platform lift).

The above cash outflows were offset by the disposal of short-term investments of RM1.00 million.

FYE 2023

For FYE 2023, our net cash for investing activities was RM0.62 million. This was attributable to cash payment of RM0.60 million for the purchase of property, plant and equipment (mainly comprising plant and machineries of RM0.22 million and cement works with floor hardener for freezer and chiller rooms at Lot 842 of RM0.24 million) and withdrawal of fixed deposits with tenure more than 3 months amounting to RM0.02 million.

FPE 2024

For FPE 2024, our net cash for investing activities was RM1.92 million. This was attributable to the following:

- (a) cash payments of RM2.50 million for the purchase of unit trust funds for short-term investments;
- (b) cash payments of RM0.34 million, mainly for the purchase of the following:
 - (i) new accounting software of RM0.06 million and plastic pallets of RM0.06 million; and
 - (ii) plant and machineries (including meat slicer machine as well as bone and meat saw machine), totalling RM0.14 million.

12. FINANCIAL INFORMATION (CONT'D)

The above cash outflows were offset by the proceeds from disposal of property, plant and equipment as well as proceeds from disposal of right-of-use assets of RM0.95 million collectively, i.e. a parcel of land with a double storey semi-detached industrial building at Lot 8276 and 1 unit of motor vehicle.

(iii) Net cash from / (for) financing activities

FYE 2021

For FYE 2021, our net cash from financing activities was RM11.13 million. This was attributable to the following:

- (a) proceeds from bank borrowings including term loans and banker' acceptance of RM101.56 million to finance the constructions cost for Lot 842, working capital and purchase of supplies; and
- (b) withdrawal of fixed deposits pledged with financial institutions amounting to RM1.52 million.

The above cash inflows were offset by the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM87.93 million;
- (b) payment of dividend of RM3.00 million in respect of FYE 2020; and
- (c) payment of dividend of RM1.02 million in respect of FYE 2021.

FYE 2022

For FYE 2022, our net cash from financing activities was RM0.007 million. This was attributable to the following:

- (a) proceeds from banker' acceptance of RM107.49 million to finance our purchase of supplies; and
- (b) withdrawal of fixed deposits pledged with financial institutions amounting to RM0.15 million.

The above cash inflows were offset by the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM104.11 million;
- (b) payment of dividend of RM2.50 million in respect of FYE 2021; and
- (c) payment of dividend of RM1.02 million in respect of FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023**

For FYE 2023, our net cash for financing activities was RM29.43 million. This was attributable to the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM125.36 million;
- (b) payment of dividend of RM2.48 million in respect of FYE 2022; and
- (c) payment of dividend of RM1.02 million in respect of FYE 2023.

The above cash outflows were offset by proceeds from bankers' acceptance of RM99.43 million to finance our purchase of supplies.

FPE 2024

For FPE 2024, our net cash from financing activities was RM14.41 million. This was attributable to the proceeds from bank borrowings including bankers' acceptance of RM33.59 million to finance the purchase of supplies.

The above cash inflows were offset by the following:

- (a) repayment of bankers' acceptance, hire purchase and term loans, collectively RM16.70 million; and
- (b) payment of dividend of RM2.48 million in respect of FYE 2023.

12.4.3 Bank borrowings

As at 30 April 2024, our Group's total bank borrowings were set out below:

Type of borrowings	As at 30 April 2024		Total
	Repayable within 12 months	Repayable after 12 months	
	RM'000	RM'000	RM'000
Bankers' acceptances ⁽¹⁾	33,593	-	33,593
Bank overdrafts ⁽²⁾	1	-	1
Term loans ⁽³⁾	1,533	4,341	5,874
Hire purchase payables ⁽⁴⁾	52	177	229
Total	35,179	4,518	39,697
Gearing ratio ⁽⁵⁾			0.43

Notes:

- (1) Mainly used for purchase of supplies.
- (2) Mainly used to fund the working capital.
- (3) Utilised to fund the purchase of land and buildings and working capital.
- (4) Used to fund the purchase of motor vehicles.
- (5) Calculated based on total borrowings divided by total equity.

Our Group has not defaulted on any payment of either principal sums and / or interest in relation to borrowings for the Financial Years Under Review, FPE 2024 and up to the LPD.

12. FINANCIAL INFORMATION (CONT'D)

The following table sets out the contractual maturity profile (refer to cash repayments including principal and interest amounts within 1 year, more than 1 to 5 years and more than 5 years) of our borrowings as at 30 April 2024 are as follows:

Maturity profile	Bankers' acceptance	Bank overdraft	Term loans	Hire purchase payables	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Within 1 year	35,142	1	1,732	58	36,933
More than 1 to 5 years	-	-	2,929	119	3,048
More than 5 years	-	-	1,445	73	1,518
Total	35,142	1	6,106	250	41,499

The details of the types of credit facilities that our Group uses and its unutilised balances as at LPD are as follows:

	Trade line	Bank overdraft	Term loans	Hire purchase payables	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Credit limit as at the LPD	92,371	13,100	13,191	326	118,988
Balance unutilised as at the LPD	60,592	11,794	- (1)	- (1)	72,386
Interest rates per annum	3.60% to 5.81%	7.85%	3.00% to 4.86%	4.09%	

Note:

(1) As at the LPD, our Group had fully drawn down the facility limit for term loans and hire purchases.

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Company.

12.5 TYPES OF FINANCIAL INSTRUMENTS USED, TREASURY POLICIES AND OBJECTIVES

As at the LPD, save as disclosed in Section 12.4.3 above, our Group did not use any other financial instruments.

Our Group's operations have been funded through cash and bank balance, cash generated from our operations, and external sources of funds. The external sources of funds consist primarily of banking facilities from financial institutions. The normal credit terms granted by our local suppliers range from 30 days to 90 days during the Financial Years Under Review and FPE 2024.

As at the LPD, our Group's banking facilities from financial institutions consist of term loans, bank overdrafts and banker's acceptance used to fund our operations. The interest rates for our bank borrowings are based on the market rates prevailing at the date of the respective transactions. As at the LPD, our Group has available banking facilities of RM118.99 million mainly including term loans, bank overdrafts and bankers' acceptance, of which RM72.39 million has yet to be utilised.

12. FINANCIAL INFORMATION (CONT'D)

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our gearing ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.6 MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURE

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Source of funds	
	(1) Commitment for capital expenditure RM'000	(2) Internally generated funds / others RM'000
Approved and contracted for:		
• Property, plant and equipment ⁽¹⁾	198	198

Notes:

- (1) *Relates to the purchase of 1 unit of delivery truck which has yet to be delivered to us. This motor vehicles cost RM0.23 million. As at the LPD, RM0.03 million has been paid as deposit. As such, the remaining balance of RM0.20 million will be settled by our internally generated fund or via hire purchase arrangement.*
- (2) *Funds generated from our operations, mainly trade receivables collected from customers.*

12.7 MATERIAL LITIGATION AND CONTINGENT LIABILITIES

12.7.1 Material litigation

Our Group is not engaged in any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on our financial position or profitability, in the 12 months immediately preceding the date of this Prospectus.

12.7.2 Contingent liabilities

As at the LPD, we do not have any other material contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

12.8 KEY FINANCIAL RATIOS

Our key financial ratios for the Financial Years Under Review and FPE 2024 are as follows:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade receivable turnover period (days) ⁽¹⁾	45	49	55	46
Trade payable turnover period (days) ⁽²⁾	10	7	7	7
Inventories turnover (days) ⁽³⁾	58	66	63	56
Current ratio (times) ⁽⁴⁾	1.62	1.67	2.26	2.04
Gearing ratio (times) ⁽⁵⁾	0.60	0.59	0.33	0.43

Notes:

- (1) *Based on average trade receivables as at the beginning and end of the respective financial years / period over total revenue of the respective financial years / period, and multiplied by 365 days / 213 days.*

12. FINANCIAL INFORMATION (CONT'D)

- (2) *Based on average trade payables as at the beginning and end of respective financial years / period over total cost of sales of the respective financial years / period, and multiplied by 365 days / 213 days.*
- (3) *Based on average inventories as at the beginning and end of respective financial years / period over total purchases of the respective financial years / period, and multiplied by 365 days / 213 days.*
- (4) *Based on current assets over current liabilities.*
- (5) *Based on total bank borrowings over total equity.*

There is a timing difference between our trade receivables turnover days (FYE 2021: 45 days, FYE 2022: 49 days, FYE 2023: 55 days and FPE 2024: 46 days) and our trade payables turnover days (FYE 2021: 10 days, FYE 2022: 7 days, FYE 2023: 7 days and FPE 2024: 7 days) which arose mainly due to differences in the turnover days for collections in relation to our trade receivables and payments in relation to our trade payables. Such timing differences does not affect the sufficiency of our working capital as our working capital requirements were also financed by our cash and bank balances on hand as well as via utilisation of our banking facilities from financial institutions i.e. mainly bankers' acceptance and bank overdraft.

12.8.1 Trade receivable turnover period

	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>FYE 2023</u>	<u>FPE 2024</u>
Trade receivables	24,470	32,311	27,816	29,314
Trade receivable turnover period (days) ⁽¹⁾	45	49	55	46

Note:

- (1) *Based on average trade receivables as at the beginning and end of the respective financial years / period over total revenue of the respective financial years / period and multiplied by 365 days / 213 days.*

We typically offer our customers a credit term period of 14 days to 90 days from the date of the invoice.

Our trade receivables turnover period increased from 45 days in FYE 2021 to 49 days in FYE 2022 and 55 days in FYE 2023. However, the trade receivables turnover period decreased to 46 days in FPE 2024. Despite the increase in our trade receivables turnover period from FYE 2021 to FYE 2023, it still falls within the credit period granted.

In FYE 2022, our trade receivables turnover period increased to 49 days (FYE 2021: 45 days). This was due to higher credit terms given to the customers in FYE 2022 to remain competitive.

In FYE 2023, our trade receivable turnover period increased to 55 days (FYE 2022: 49 days) due to:

- (i) higher credit term given to the customers in FYE 2022 to remain competitive. During the year, approximately 45.56% of outstanding trade receivables carried a credit period of more than 60 days; and
- (ii) higher average trade receivables due to higher opening balance in FYE 2023 and lower revenue as compared to FYE 2022.

In FPE 2024, our trade receivables turnover period decreased to 46 days in FPE 2024 (FYE 2023: 55 days) due to improved collections from customers.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade receivables as at 30 April 2024 is as follows:

	Past Due				Total
	Not past due	1-30 days	31-90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	
Trade receivables	19,888	7,453	1,703	270	29,314
<i>% contribution</i>	<i>67.85</i>	<i>25.42</i>	<i>5.81</i>	<i>0.92</i>	<i>100.00</i>
Subsequent collections as at the LPD	19,799	7,446	1,694	170	29,109
<i>Percentage collected</i>	<i>99.55</i>	<i>99.91</i>	<i>99.47</i>	<i>62.96</i>	<i>99.30</i>
Net trade receivables after subsequent collections	89	7	9	100	205

As at the LPD, we have collected RM29.11 million or 99.30% of the total trade receivables which were outstanding as at 30 April 2024. The balance outstanding that is past due more than 90 days was attributable to 1 customer from SFS amounting to RM0.10 million. This customer faced tight cash flows in settling his outstanding balances to our Group and hence it took a longer time for him to make payment. Our Group is closely following up on this collection and will ensure the recoverability of such receivable.

Further, our management also closely monitors the recoverability of trade receivables on a regular basis, and, when appropriate, provides for specific impairment of these trade receivables. As at the LPD, an allowance for impairment losses amounting to RM0.98 million has been made for the trade receivables. Our Board is of the view that the remaining trade receivables are recoverable and no further provision for impairment is required after taking into consideration our relationship with our customers, as well as our efforts to improve collection with various credit control measures to reduce the potential exposure on credit risk.

12.8.2 Trade payable turnover period

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Trade payables	4,448	3,601	3,466	3,991
Trade payable turnover period (days) ⁽¹⁾	10	7	7	7

Note:

(1) *Based on average trade payables as at the beginning and end of the respective financial years / period over total cost of sales of the respective financial years / period, and multiplied by 365 / 213 days.*

We deal with our trade payables, which are mainly amounts owing to transporters, forwarding agent and local product suppliers, on credit terms. The normal credit terms given by our trade payable suppliers range from 30 to 90 days. Our major suppliers who are overseas (kindly refer to Section 7.15 of this Prospectus) do not grant any credit period. We are required to make full payment prior to the delivery of supplies. Hence, we have shorter trade payable turnover periods for the Financial Years Under Review and FPE 2024.

Our trade payable turnover periods were 10 days, 7 days and 7 days for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively which were within the credit period given.

For FYE 2022, our trade payables turnover period decreased from 10 days in FYE 2021 to 7 days in FYE 2022 due to timely payment made to suppliers.

For FYE 2023 and FPE 2024, our trade payables turnover period remained consistent with FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade payables as at 30 April 2024 is as follows:

	Not past due	Past due			Total
		1 - 30 days	31 - 90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	3,282	74	-	14	3,370
Refund liabilities	621	-	-	-	621
Total trade payables	3,903	74	-	14	3,991
% contribution	97.80	1.85	-	0.35	100.00
Subsequent payments as at the LPD	3,260	74	-	-	3,334
Percentage paid	84.00	100.00	-	-	84.00
Net trade payables after subsequent payments	621	-	-	14	635

As at the LPD, we have settled RM3.33 million or 84.00% of the total trade payables which were outstanding as at 30 April 2024. The remaining balance outstanding was RM0.64 million mainly being the provision of refund to customers.

As at the LPD, we do not have any disputes in respect of our trade payables and no legal proceedings to demand for payment have been initiated by our suppliers against us.

12.8.3 Inventories turnover

	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Inventories as at 30 September / 30 April	32,097	29,177	25,191	30,157
Total purchases during the FYE	148,034	168,819	156,167	104,478
Inventories turnover period (days) ⁽¹⁾	58	66	63	56

Note:

(1) Based on average inventories as at the beginning and end of the respective financial years / period over total purchase of the respective financial years / period and multiplied by 365 days / 213 days.

The inventories of our Group as at 30 September 2021, 2022 and 2023 as well as 30 April 2024 can be analysed as follows:

	Audited			
	As at 30 September			As at 30 April
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Frozen and Chilled Food Products	28,577	24,165	21,139	27,063
Ambient F&B Products	3,004	4,493	3,379	2,471
Non-F&B Products	-	-	158	108
	31,581	28,658	24,676	29,642
Rights to recover returned goods	516	519	515	515
Total inventories	32,097	29,177	25,191	30,157

Our Group practices weighted average cost method in computing the cost of inventories. The costs of supplies include invoiced value of supplies purchased and expenditure incurred in acquiring inventories and bringing the inventories to our warehouses.

12. FINANCIAL INFORMATION (CONT'D)

Our inventories turnover periods for FYE 2021, FYE 2022 and FYE 2023 as well as FPE 2024 were 58 days, 66 days, 63 days and 56 days, respectively. We also maintain an inventory level of approximately 2 months. Our inventories turnover days vary from year to year according to purchase orders from customers.

For FYE 2022, our inventories turnover days increased to 66 days (FYE 2021: 58 days) due to higher average inventories as the opening balance of inventories in FYE 2022 was higher than FYE 2021. Further, the higher inventories in FYE 2021 were to cater additional sales in FYE 2022 upon the full reopening of Malaysia's economy towards the end of 2021.

For FYE 2023, our inventories turnover days decreased to 63 days (FYE 2022: 66 days) due to lower inventories of mainly frozen lamb and mutton, and buffalo as well as frozen processed foods as compared to FYE 2022. The lower inventories amount in FYE 2023 was due to lesser inventories for lamb and mutton, and buffalo meats as we experienced reduced sales of the aforementioned items. Further, we will only make more purchases in the following period i.e. October 2023 onwards to cater for upcoming sales order which will be fulfilled in FYE 2024 in view that Malaysia's economy and consumer's sentiment has recovered.

For FPE 2024, our inventories turnover days decreased to 56 days (FYE 2023: 63 days) as we sold our products at a rate faster than our purchases in FPE 2024.

We conduct a weekly internal meeting to review our inventory level and inventory ageing. Approval is required from our management / Directors for the replenishment of supplies and any impairment on slow moving stocks and obsolete inventories. During the Financial Years Under Review and FPE 2024, our Group did not have any provision for slow moving stocks. However, our Group had written off obsolete inventories amounting to RM2.56 million, RM2.05 million, RM0.84 million and RM0.28 million, for FYE 2021, FYE 2022, FYE 2023 and FPE 2024, respectively.

12.8.4 Current ratio

	Audited			
	As at 30 September			As at 30 April
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Current assets	74,570	82,571	69,915	86,136
Current liabilities	46,095	49,478	30,976	42,267
Current ratio (times) ⁽¹⁾	1.62	1.67	2.26	2.04

Note:

(1) Based on current assets over current liabilities.

Our current ratio ranged from 1.62 to 2.26 times during the Financial Years Under Review and FPE 2024.

Our current ratio increased from 1.62 times as at 30 September 2021 to 1.67 times as at 30 September 2022. This was attributable to the higher outstanding trade receivables which was in line with the increase in revenue in FYE 2022. In addition, the higher cash and bank balances as a result of proceeds from disposal of short-term investment and collections from customers contributed to the increase in current ratio.

Our current ratio increased from 1.67 times as at 30 September 2022 to 2.26 times as at 30 September 2023. This was attributable to the decrease in short-term borrowings mainly from lower drawdown of bankers' acceptance and higher repayments of bankers' acceptance during FYE 2023. Our Group's short-term borrowings mainly comprised bankers' acceptance for purchase of supplies.

12. FINANCIAL INFORMATION (CONT'D)

Our current ratio decreased from 2.26 times as at 30 September 2023 to 2.04 times as at 30 April 2024. This was attributable to the increase in short-term borrowings mainly from outstanding bankers' acceptance of RM33.59 million during FPE 2024. Our Group's short-term borrowings mainly comprised bankers' acceptance which was used to fund the purchase of supplies.

12.8.5 Gearing ratio

	Audited			As at 30
	As at 30 September			April
	2021	2022	2023	2024
	RM'000	RM'000	RM'000	RM'000
Bank borrowings ⁽¹⁾	46,269	48,799	28,616	39,697
Total equity	77,518	82,161	87,874	91,678
Gearing ratio (times) ⁽²⁾	0.60	0.59	0.33	0.43

Notes:

(1) Consist of bankers' acceptance, bank overdrafts, term loans and hire purchases.

(2) Based on total bank borrowings over total equity.

Our gearing ratio was between 0.33 times and 0.60 times during the Financial Years Under Review and FPE 2024.

In FYE 2022, our gearing ratio improved from 0.60 times as at 30 September 2021 to 0.59 times as at 30 September 2022, due to the increase in total equity as a result of the increased retained earnings from the PAT recorded in FYE 2022. Our retained earnings increased by RM4.64 million from RM17.65 million as at 30 September 2021 to RM22.29 million as at 30 September 2022. The increase in total equity was reduced by the higher drawdown of bankers' acceptance in FYE 2022.

In FYE 2023, our gearing ratio improved from 0.59 times as at 30 September 2022 to 0.33 times as at 30 September 2023, due to the increase in total equity as a result of the increased retained earnings from the PAT recorded in FYE 2023, and the decrease in borrowings mainly as a result of lower drawdown of bankers' acceptance and higher repayments of bankers' acceptance during FYE 2023. Our retained earnings increased by RM5.72 million from RM22.29 million as at 30 September 2022 to RM28.01 million as at 30 September 2023.

In FPE 2024, our gearing ratio increased from 0.33 times as at 30 September 2023 to 0.43 times as at 30 April 2024, due to the increase in borrowings mainly from the outstanding bankers' acceptance of RM33.59 million during FPE 2024. The increase in gearing ratio was moderated by the increase in total equity as a result of the increased retained earnings from the PAT recorded in FPE 2024. Our retained earnings increased by RM3.80 million from RM28.01 million as at 30 September 2023 to RM31.81 million as at 30 April 2024.

12.9 IMPACT OF GOVERNMENT, ECONOMIC, FISCAL OR MONETARY POLICIES

Our business is subject to the risks relating to government, economic, fiscal or monetary policies. Any unfavourable changes in the government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. Please refer to Section 9.2.6 of this Prospectus for further details.

12. FINANCIAL INFORMATION (CONT'D)

12.10 IMPACT OF INFLATION

Our financial performances for the Financial Years Under Review and FPE 2024 were not materially affected by the impact of inflation. Nevertheless, there can be no assurance that future inflation would not have an impact on our business and financial performance.

12.11 IMPACT OF INTEREST RATES, COMMODITY PRICES AND / OR FOREIGN EXCHANGE RATES ON OUR GROUP'S OPERATIONS

We are exposed to market risks arising from our operations and use of financial instruments. Our key market risk exposures are to interest rate risk, commodity price fluctuations and foreign exchange risk.

Interest rate risk

All our borrowings are interest bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities including term loans, bank overdrafts, bankers' acceptance and hire purchases that are granted by banks and financial institutions. In this respect, we may be exposed to the liquidity risk that arises principally from our borrowings and the timing of costs incurred and collections from our customers.

As at 30 April 2024, our bank borrowings of RM39.70 million were interest bearing. Our finance cost increased from RM1.34 million in FYE 2021 to RM1.42 million in FYE 2022 and RM1.42 million in FYE 2023 as well as from RM0.86 million in FPE 2023 to RM1.01 million in FPE 2024. In this respect, any increases in interest rates may impact on our financial performance. For the Financial Years Under Review, FPE 2024 and up to the LPD, we have not defaulted on any payments of either principal and / or interests in relation to our borrowings.

Commodity price fluctuation risk

Our Group distributes Frozen and Chilled Food Products, Ambient F&B Products as well as Non-F&B Products. Our Frozen and Chilled Food Products and Ambient F&B Products include commodities such as beef, buffalo, poultry, lamb, and seafood. The market prices of raw materials used to produce Frozen and Chilled Food Products and Ambient F&B Products are subject to global fluctuations in price.

Such fluctuations are attributable to, among other things, inflation, changes in the supply and demand of crops or other commodities, the weather and growing conditions as well as government-sponsored agricultural and livestock programmes. In particular, the availability and the price of fresh produce and other agriculture commodities, including meats, seafood and oils can be volatile. Additionally, epidemics in animal populations and local, national or international quarantines can also adversely affect commodity prices in the long and short-term. These fluctuations may adversely affect our Group's suppliers, who could be forced to raise their prices for our Group's products.

Any significant fluctuation in the prices of these supplies may significantly increase our cost of sales, which may adversely affect our business, financial condition, results of operations and prospects should we fail to pass the increase in cost to our customers. Save for FYE 2022, we did not encounter any material increase in the cost of these purchases which substantially increase our cost of sales and lead to an adverse impact to our financial performance during the Financial Years Under Review, FPE 2024 and up to the LPD.

12. FINANCIAL INFORMATION (CONT'D)**Foreign exchange risk**

The breakdown of our revenue and purchases by currencies in the Financial Years Under Review and FPE 2024 are shown in the following tables.

	Audited							
	FYE 2021		FYE 2022		FYE 2023		FPE 2024	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales denominated in:								
RM	186,273	99.34	208,821	99.46	197,745	99.05	130,571	98.40
USD ⁽¹⁾	1,229	0.66	1,132	0.54	1,898	0.95	2,124	1.60
Total sales	187,502	100.00	209,953	100.00	199,643	100.00	132,695	100.00
Purchase denominated in:								
USD	96,633	58.65	113,473	68.40	90,697	59.65	65,086	59.41
RM	48,160	29.23	43,318	26.11	46,545	30.61	31,197	28.47
AUD	16,301	9.89	7,445	4.49	11,542	7.59	12,103	11.05
EURO	2,069	1.26	1,663	1.00	2,637	1.73	1,170	1.07
Others ⁽²⁾	1,607	0.97	-	-	634	0.42	-	-
Total purchases	164,770	100.00	165,899	100.00	152,055	100.00	109,556	100.00

Notes:

(1) Revenues generated from customers in Myanmar and Singapore.

(2) Others include purchases in RMB, SGD, BND and NZD.

For FYE 2021, FYE 2022, FYE 2023 as well as FPE 2024, our revenue was mainly denominated in RM which contributed 99.34% 99.46%, 99.05% and 98.40% to our Group's total revenue, respectively.

For FYE 2021, FYE 2022 and FYE 2023 as well as FPE 2024, our purchases of supplies from our overseas suppliers were mainly denominated in USD, AUD and EURO which contributed 70.77%, 73.89%, 69.39% and 71.53% to our total purchases, respectively.

As such, we are exposed to foreign currency fluctuation risk. Any unfavourable fluctuation in foreign currency rates may have an adverse impact on our financial performance. A depreciation of the RM against the currencies which we transact will lead to higher revenue in RM after conversion, whereas it will also lead to higher cost of purchases in RM after conversion. Conversely, appreciation of the RM against the currencies which we transact will lead to lower revenue and lower cost of purchases in RM after conversion.

For FYE 2021, FYE 2022 and FYE 2023, our net (loss) / gain from foreign exchange fluctuations are as follows:

Foreign exchange (loss) / gain	Audited			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Realised	(9)	(45)	65	(5)

In order to mitigate the risk, we will continuously monitor the foreign currency fluctuation. However, despite our efforts to minimise the foreign currency risk, there can be no assurance that any future significant fluctuation in foreign currency will not have a material adverse impact on the financial performance of our Group.

12. FINANCIAL INFORMATION (CONT'D)

Our Group has also in the past entered into forward contracts to hedge our exposure against fluctuations in foreign currencies for the purchase of our products. As at the LPD, there are no outstanding balance from the forward contracts. Presently, our Group continues to utilise hedging instruments such as forward contracts on a discretionary basis (i.e. when the foreign currency rate is not favourable to our Group).

12.12 ORDER BOOK

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

12.13 TREND INFORMATION

As at the LPD, save as disclosed in this Prospectus and to the best of our Board's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and risk factors in Section 9 of this Prospectus;
- (ii) material commitment for capital expenditure, as set out in Section 12.6 of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this section and risk factors in Section 9 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and / or profits save for those that have been disclosed in this section, industry overview as set out in Section 8 of this Prospectus and business strategies as set out in Section 7.18 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and risk factors in Section 9 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and risk factors in Section 9 of this Prospectus.

12.14 RECENT DEVELOPMENTS

Please refer to Note 34 of Section 13 of this Prospectus for further details on significant events subsequent to the FPE 2024 and Section 6.4 of this Prospectus for further details on our Subsidiaries.

12. FINANCIAL INFORMATION (CONT'D)

12.15 DIVIDENDS

Our Group presently does not have a fixed dividend policy. Our Group's ability to distribute dividends to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for the working capital of our business. Our ability to declare and pay dividends is also subject to the discretion of our Board. Our Directors will take into consideration, amongst others, the following factors when recommending or declaring any dividends:

- (i) the availability of adequate reserves and cash flows;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions and expansion taking into consideration projected capital expenditure and investment plans;
- (iv) our working capital requirements;
- (v) any contractual restrictions and / or commitments; and
- (vi) prior written consent from financial institutions, where required.

Subject to the applicable financial covenants in the relevant facility agreements, our subsidiaries (namely, SCS, SFS and BFL) will require its financiers' consent to declare and pay dividend to our Company. As at the LPD, save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our Subsidiaries.

We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. Please refer to Section 9.3.3 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

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

Notwithstanding our Group presently does not have a fixed dividend policy, we envisage a dividend payout of up to 50.00% of our future net profits to our shareholders in each financial year / period. Details of the dividends declared and paid during the Financial Years Under Review, FPE 2024 and up to the LPD were as follows:

	Audited				From 1 May
	FYE 2021	FYE 2022	FYE 2023	FPE 2024	2024 and up to
	RM'000	RM'000	RM'000	RM'000	the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
PAT	7,646	8,159	9,218	6,287	-
Dividends declared	(1) (2) 4,020	(3) (4) 3,516	(5) (6) 3,504	(7) 2,484	(8) 2,040
Dividends paid	(1) (2) 4,020	(3) (4) 3,516	(5) (6) 3,504	(7) 2,484	(8) 2,040
Dividend payout rate	52.58	43.09	38.01	39.51	-

12. FINANCIAL INFORMATION (CONT'D)

Notes:

- (1) *RM3.00 million was declared on 27 November 2020 and paid on 15 January 2021 in respect of FYE 2020.*
- (2) *RM1.02 million was declared on 20 May 2021 and paid on 15 June 2021 in respect of FYE 2021.*
- (3) *RM2.50 million was declared on 29 November 2021 and paid on 26 January 2022 in respect of FYE 2021.*
- (4) *RM1.02 million was declared on 30 May 2022 and paid on 24 June 2022 in respect of FYE 2022.*
- (5) *RM2.48 million was declared on 29 November 2022 and paid on 17 January 2023 in respect of FYE 2022.*
- (6) *RM1.02 million was declared on 11 May 2023 and paid on 20 June 2023 in respect of FYE 2023.*
- (7) *RM2.48 million was declared on 30 November 2023 and paid on 26 January 2024 in respect of FYE 2023.*
- (8) *RM2.04 million was declared on 20 May 2024 and paid on 19 June 2024 in respect of FYE 2024.*

All our dividends paid are funded via internally generated funds.

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12. FINANCIAL INFORMATION (CONT'D)

12.16 INDEPENDENT ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION



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The Board of Directors
Supreme Consolidated Resources Bhd.
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Dear Sirs

SUPREME CONSOLIDATED RESOURCES BHD. (“Supreme” or the “Company”) REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statements of Financial Position of Supreme and its subsidiaries (collectively known as the “Group”) as at 30 April 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 Supreme on the ACE market of Bursa Malaysia Securities Berhad (“the Listing”).

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

The Pro Forma Consolidated Statements of Financial Position has been compiled by the Board of Directors to illustrate the impact of the transactions as set out in notes thereon to the Pro Forma Consolidated Statements of Financial Position as if the transactions have been in existence throughout the financial year. As part of this process, information about the financial position has been extracted by the Board of Directors from the Group’s audited consolidated financial statements as at 30 April 2024.

THE BOARD OF DIRECTORS’ RESPONSIBILITIES

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

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL**

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

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES

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

We conducted our engagement in accordance with the International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards as adopted by the Malaysian Institute of Accountants. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis as described in note thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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

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

12. FINANCIAL INFORMATION (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)

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

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

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

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

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

OPINION

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

OTHER MATTERS

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

Yours faithfully

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

Kuching

Chai Tze Chek
02699/06/2025 J
Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)

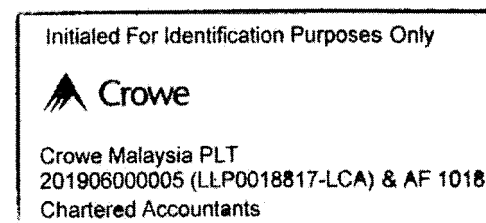
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024

	Note	Audited as at 30 April 2024 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
ASSETS									
NON-CURRENT ASSETS									
Property, plant and equipment		23,133,876			23,133,876		23,133,876		23,133,876
Investment properties		1,483,372			1,483,372		1,483,372		1,483,372
Right-of-use assets		6,279,747			6,279,747		6,279,747		6,279,747
Goodwill		21,991,831			21,991,831		21,991,831		21,991,831
		52,888,826			52,888,826		52,888,826		52,888,826

* Extracted from the Group's audited consolidated financial statements as at 30 April 2024.



12. FINANCIAL INFORMATION (CONT'D)

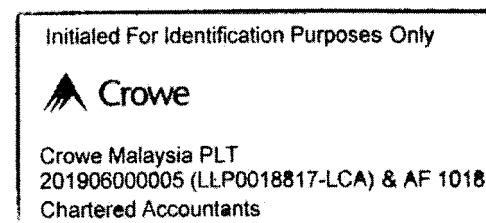
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024 (CONT'D)

	Note	Audited as at 30 April 2024 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
CURRENT ASSETS									
Inventories		30,157,502			30,157,502		30,157,502		30,157,502
Trade receivables		29,313,816			29,313,816		29,313,816		29,313,816
Other receivables, deposits and prepayments		511,434			511,434		511,434		511,434
Short-term investments		4,200,288			4,200,288		4,200,288		4,200,288
Current tax assets		53,527			53,527		53,527		53,527
Fixed deposits with licensed banks		1,425,751			1,425,751		1,425,751		1,425,751
Cash and bank balances	6a	20,473,883	(2,040,000)		18,433,883	17,500,000	35,933,883	(2,500,000)	33,433,883
		86,136,201			84,096,201		101,596,201		99,096,201
TOTAL ASSETS		139,025,027			136,985,027		154,485,027		151,985,027

* Extracted from the Group's audited consolidated financial statements as at 30 April 2024.



12. FINANCIAL INFORMATION (CONT'D)

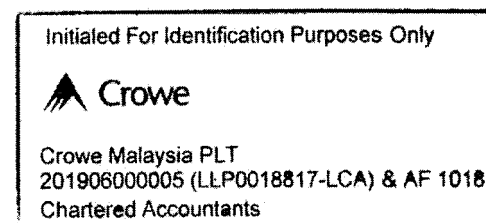
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024 (CONT'D)

	Note	Audited as at 30 April 2024 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
EQUITY AND LIABILITIES									
EQUITY									
Share capital	6b	59,866,944			59,866,944	17,500,000	77,366,944	(844,523)	76,522,421
Retained profits	6c	31,810,864	(2,040,000)		29,770,864		29,770,864	(1,655,477)	28,115,387
TOTAL EQUITY		91,677,808			89,637,808		107,137,808		104,637,808
NON-CURRENT LIABILITIES									
Bank borrowings		4,517,360			4,517,360		4,517,360		4,517,360
Deferred tax liabilities		562,297			562,297		562,297		562,297
		5,079,657			5,079,657		5,079,657		5,079,657

* Extracted from the Group's audited consolidated financial statements as at 30 April 2024.



12. FINANCIAL INFORMATION (CONT'D)

Appendix A

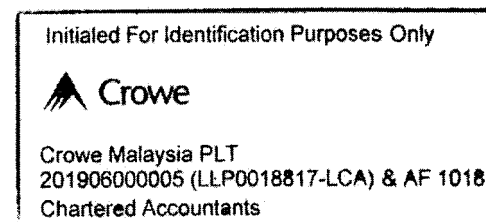
SUPREME CONSOLIDATED RESOURCES BHD.

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024 (CONT'D)

	Note	Audited as at 30 April 2024 *	Material Subsequent Event	Bonus Issue	Pro Forma I	Public Issue	Pro Forma II	Utilisation of Proceeds	Pro Forma III
					After Material Subsequent Event and Bonus Issue		After Pro Forma I and Public Issue		After Pro Forma I and II and Utilisation of Proceeds
					RM		RM		RM
CURRENT LIABILITIES									
Bank borrowings		35,179,230			35,179,230		35,179,230		35,179,230
Trade payables		3,990,563			3,990,563		3,990,563		3,990,563
Other payables and accruals		2,847,419			2,847,419		2,847,419		2,847,419
Current tax liabilities		250,350			250,350		250,350		250,350
		42,267,562			42,267,562		42,267,562		42,267,562
TOTAL LIABILITIES		47,347,219			47,347,219		47,347,219		47,347,219
TOTAL EQUITY AND LIABILITIES		139,025,027			136,985,027		154,485,027		151,985,027

Number of ordinary shares in issue	120,000,000	360,000,000	430,000,000	430,000,000
NA (RM)	91,677,808	89,637,808	107,137,808	104,637,808
NA per share (RM)	0.76	0.25	0.25	0.24
Earnings per share (sen)	5.24	1.75	1.46	1.32

* Extracted from the Group's audited consolidated financial statements as at 30 April 2024.



12. FINANCIAL INFORMATION (CONT'D)**Appendix A****SUPREME CONSOLIDATED RESOURCES BHD****NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2024****1. INTRODUCTION**

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

2. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of the Group is prepared based on the audited consolidated financial statements of the Group as at 30 April 2024, which was prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS"), and in a manner consistent with the format of the audited financial statements and accounting policies of the Group.

The Pro Forma Consolidated Statements of Financial Position together with the related notes thereon, has been prepared solely for illustrative purposes only to show the effects of the transactions as disclosed in Notes 3, 4, 5 and 6 to the Pro Forma Consolidated Statements of Financial Position as at 30 April 2024 had the transactions been effected on 30 April 2024. As part of this process, information about the financial position has been extracted by the Board of Directors from the audited consolidated financial statements as at 30 April 2024.

The audited consolidated financial statements used in the preparation of this Pro Forma Consolidated Statements of Financial Position were not subject to any qualification, modification or disclaimer of opinion.

The Pro Forma Consolidated Statements of Financial Position are not necessarily indicative of the financial positions that would have been attained had the Listing actually occurred at the respective dates. The Pro Forma Consolidated Statements of Financial Position has been prepared for illustrative purpose only, and because of this nature, may not give a true picture of the actual financial position of the Group.

3. MATERIAL SUBSEQUENT EVENT OCCURRING AFTER 30 APRIL 2024

On 20 May 2024, the Company declared an interim dividend of 1.70 sen per ordinary share amounting to RM2,040,000 for the financial year ended 30 September 2024, paid on 19 June 2024, to shareholders whose names appeared in the record of depositors on 31 May 2024.

The dividend is illustrated in the Pro Forma in accordance with Paragraph 9.20 of Chapter 9, Part II Division I: Equity of the Prospectus Guidelines.

Initialed For Identification Purposes Only

 **Crowe**

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

12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2024 (CONT'D)****4. LISTING SCHEME****4.1. Bonus Issue of Shares**

The Proposed Bonus Issue of Shares will entail the issuance of 2 bonus Shares for every 1 existing Share. The number of Shares in issuance is 240,000,000. Upon the completion of the Bonus Issue of Shares, the enlarged issued shares of the Company will be 360,000,000 Shares.

4.2. Public Issue of Shares

The Company will undertake the Proposed Issuance which entails the issuance of 70,000,000 new Shares, representing approximately 16% of the enlarged issued share capital of the Company at RM0.25 per share.

4.3. Listing

Upon completion of the IPO, the Company's entire enlarged issued share capital of 430,000,000 Shares shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**5.1 Pro Forma I**

Pro Forma I incorporates the effects of material subsequent event and bonus issue as set out in Section 3 and Section 4.1 respectively.

5.2 Pro Forma II

Pro Forma II incorporates the effects of Pro Forma I and the effects of the public issue as set out in Section 4.2.

5.3 Pro Forma III

Pro Forma III incorporates the effects of Pro Forma I, Pro Forma II and the effects of the utilisation of proceeds from the public issue.

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 **Crowe**

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201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

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12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2024 (CONT'D)****5. PRO FORMA ADJUSTMENTS TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)****5.3 Pro Forma III (Cont'd)**

The proceeds from the public issue will be utilised as follows:-

Purpose	RM	% of proposed utilisation	Estimated time frame for utilisation (from listing date)
Expansion of warehouse facility #	11,000,000	62.86	Within 24 months
Working capital #	4,000,000	22.86	Within 24 months
Estimated listing expenses *	2,500,000	14.28	Immediate
	<u>17,500,000</u>	<u>100.00</u>	

As at the latest practicable date, the Group did not enter into any contractual binding arrangements in relation to the above purposes. Accordingly, the use of proceeds earmarked for these purposes are not reflected in the Pro Forma Consolidated Statements of Financial Position.

* The estimated listing expenses comprise the following:

	RM
Professional fees	1,838,000
Brokerage and underwriting fees	545,313
Regulatory fees	78,650
Printing, advertising and other miscellaneous expenses	38,037
	<u>2,500,000</u>

The estimated listing expenses of RM844,523 directly attributable to the Public Issue will be set off against share capital under the Companies Act 2016, Malaysia and the remaining estimated listing expenses of RM1,655,477 will be expensed off to profit or loss and this represents a one-off expenditure in conjunction with the Listing.

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 **Crowe**

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

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12. FINANCIAL INFORMATION (CONT'D)

Appendix A

SUPREME CONSOLIDATED RESOURCES BHD**NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2024 (CONT'D)****6. EFFECTS ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(a) Movement in cash and bank balances**

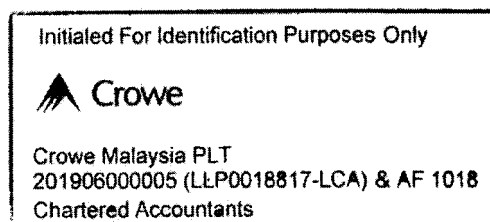
	RM
Balance as at 30 April 2024	20,473,883
Effects of Pro Forma I:	
- After material subsequent event	(2,040,000)
Pro Forma I	<u>18,433,883</u>
Effects of Pro Forma II:	
- After public issue	17,500,000
Pro Forma II	<u>35,933,883</u>
Effects of Pro Forma III:	
- Utilisation of proceeds	(2,500,000)
Pro Forma III	<u>33,433,883</u>

(b) Movement in share capital

	RM
Balance as at 30 April 2024/Pro Forma I	59,866,944
Effects of Pro Forma II:	
- After public issue	17,500,000
Pro Forma II	<u>77,366,944</u>
Effects of Pro Forma III:	
- Utilisation of proceeds	(844,523)
Pro Forma III	<u>76,522,421</u>

(c) Movement in retained profits

	RM
Balance as at 30 April 2024	31,810,864
Effects of Pro Forma I:	
- After material subsequent event	(2,040,000)
Pro Forma I/Pro Forma II	<u>29,770,864</u>
Effects of Pro Forma III:	
- Utilisation of proceeds	(1,655,477)
Pro Forma III	<u>28,115,387</u>



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12. FINANCIAL INFORMATION (CONT'D)

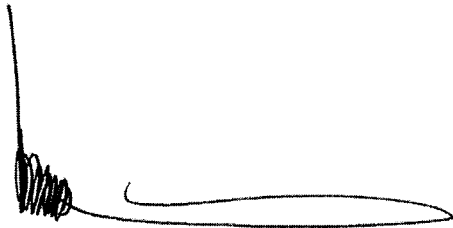
Appendix A

SUPREME CONSOLIDATED RESOURCES BHD.

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors of Supreme Consolidated Resources Bhd. in accordance with a resolution dated **01 OCT 2024**

On behalf of the Board of Directors,



Dato Richard Wee Liang Huat @
Richard Wee Liang Chiat



Ting Ing Thai

Initialed For Identification Purposes Only



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

13. ACCOUNTANTS' REPORT



Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
2nd Floor, C378, Block C
Icom Square, Jalan Pending
93450 Kuching, Sarawak
Malaysia
Tel +6 082 552 688 / 266 988
Fax +6 082 266 987
www.crowe.my

01 OCT 2024

The Board of Directors
Supreme Consolidated Resources Bhd.
Lot 919, Block 7, Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Dear Sir/Madam,

REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN THE ACCOUNTANTS' REPORT OF SUPREME CONSOLIDATED RESOURCES BHD. ("SUPREME" OR "THE COMPANY")

OPINION

We have audited the financial information of the Company and its subsidiaries (collectively known as "the Group") which comprise the consolidated statements of financial position as at 30 September 2021, 2022, 2023 and 30 April 2024, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the financial years ended 30 September 2021, 2022, 2023 and for the seven-month financial period ended 30 April 2024, and notes to the consolidated financial statements, including material accounting policy information, as set out in pages 4 to 96.

The historical financial information has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. This report is prepared for the purpose of complying with Chapter 10, Part II, Division 1 of the Prospectus Guidelines and for no other purpose.

In our opinion, the financial information contained in the Accountants' Report gives a true and fair view of the financial position of the Group as at 30 September 2021, 2022, 2023 and 30 April 2024, and of their financial performance and their cash flows for each of the financial years ended 30 September 2021, 2022, 2023 and for the financial period ended 30 April 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the Prospectus Guidelines.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

13. ACCOUNTANTS' REPORT (CONT'D)**DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the financial information of the Group that give a true and fair view in accordance with MFRSs and IFRSs. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION

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

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

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

13. ACCOUNTANTS' REPORT (CONT'D)



REPORTING ACCOUNTANTS' RESPONSIBILITIES FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)

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

- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Supreme in connection with the listing of and quotation for the entire issued share capital of Supreme on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

A stylized signature of the firm name "Crowe" in a cursive script.

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

A handwritten signature in black ink.

Chai Tze Chek
02699/06/2025 J
Chartered Accountant

Kuching

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTE	←----- Audited ----->			
		←----- As at 30 September ----->			As at 30 April
		2021	2022	2023	2024
		RM	RM	RM	RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	27,286,817	25,954,084	24,205,717	23,133,876
Investment properties	5	1,562,868	1,532,054	1,501,307	1,483,372
Right-of-use assets	6	7,471,711	7,253,134	7,043,877	6,279,747
Intangible assets	7	78,237	22,237	-	-
Goodwill	8	21,991,831	21,991,831	21,991,831	21,991,831
		58,391,464	56,753,340	54,742,732	52,888,826
CURRENT ASSETS					
Inventories	9	32,096,871	29,177,452	25,191,047	30,157,502
Trade receivables	10	24,470,348	32,310,589	27,816,113	29,313,816
Other receivables, deposits and prepayments	11	1,768,602	413,186	340,995	511,434
Short-term investments	12	2,562,328	1,601,062	1,651,980	4,200,288
Current tax assets		683,025	1,466,743	206,733	53,527
Fixed deposits with licensed banks	13	1,573,415	1,373,390	1,399,936	1,425,751
Cash and bank balances		11,415,716	16,228,995	13,308,588	20,473,883
		74,570,305	82,571,417	69,915,392	86,136,201
TOTAL ASSETS		132,961,769	139,324,757	124,658,124	139,025,027

The annexed notes form an integral part of these financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	NOTE	←----- Audited -----→			As at 30 April 2024
		2021 RM	2022 RM	2023 RM	
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	59,866,944	59,866,944	59,866,944	59,866,944
Retained profits		17,650,730	22,293,865	28,007,534	31,810,864
TOTAL EQUITY		77,517,674	82,160,809	87,874,478	91,677,808
NON-CURRENT LIABILITIES					
Bank borrowings	15	8,623,075	6,940,268	5,245,500	4,517,360
Deferred tax liabilities	16	726,513	745,033	562,297	562,297
		9,349,588	7,685,301	5,807,797	5,079,657
CURRENT LIABILITIES					
Bank borrowings	15	37,645,661	41,859,381	23,369,513	35,179,230
Trade payables	17	4,448,045	3,600,829	3,466,131	3,990,563
Other payables and accruals	18	3,948,808	3,409,220	4,015,467	2,847,419
Current tax liabilities		51,993	609,217	124,738	250,350
		46,094,507	49,478,647	30,975,849	42,267,562
TOTAL LIABILITIES		55,444,095	57,163,948	36,783,646	47,347,219
TOTAL EQUITY AND LIABILITIES		132,961,769	139,324,757	124,658,124	139,025,027

The annexed notes form an integral part of these financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	<----- Audited -----> <----- Financial Year Ended ("FYE") ----->			Unaudited	Audited
		30 September			Seven-month Period 30 April	Financial Period Ended ("FPE") --->
		2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
REVENUE	19	187,501,807	209,952,778	199,642,776	116,868,582	132,694,515
COST OF SALES		(165,741,624)	(187,952,610)	(175,781,324)	(102,281,308)	(117,036,406)
GROSS PROFIT		21,760,183	22,000,168	23,861,452	14,587,274	15,658,109
OTHER INCOME	20	692,474	530,093	644,303	352,265	591,608
		22,452,657	22,530,261	24,505,755	14,939,539	16,249,717
ADMINISTRATIVE EXPENSES		(9,608,875)	(9,557,326)	(9,793,796)	(5,448,211)	(6,898,172)
FINANCE COSTS	21	(1,341,386)	(1,420,825)	(1,422,006)	(858,416)	(1,014,002)
NET IMPAIRMENT (LOSSES)/GAINS ON FINANCIAL ASSETS	22	(621,130)	(158,061)	(408,042)	212,564	725,788
PROFIT BEFORE TAXATION	23	10,881,266	11,394,049	12,881,911	8,845,476	9,063,331
INCOME TAX EXPENSE	24	(3,235,460)	(3,234,914)	(3,664,242)	(2,491,102)	(2,776,001)
PROFIT AFTER TAXATION, REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD		7,645,806	8,159,135	9,217,669	6,354,374	6,287,330

The annexed notes form an integral part of these financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

	<----- Audited ----->			Unaudited	Audited
	<----- Financial Year Ended ("FYE") ----->			Seven-month Period	
	30 September			Financial Period Ended ("FPE") --->	
	2021	2022	2023	30 April	2024
	RM	RM	RM	RM	RM
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company	7,645,806	8,159,135	9,217,669	6,354,374	6,287,330
EARNINGS PER SHARE (SEN)					
Basic	6.37	6.80	7.68	5.30	5.24
Diluted	6.37	6.80	7.68	5.30	5.24

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Audited	NOTE	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.10.2020		59,866,944	14,024,924	73,891,868
Profit after taxation, representing total comprehensive income for the financial year		-	7,645,806	7,645,806
Dividends	26	-	(4,020,000)	(4,020,000)
Balance at 30.9.2021/1.10.2021		59,866,944	17,650,730	77,517,674
Profit after taxation, representing total comprehensive income for the financial year		-	8,159,135	8,159,135
Dividends	26	-	(3,516,000)	(3,516,000)
Balance at 30.9.2022/1.10.2022		59,866,944	22,293,865	82,160,809
Profit after taxation, representing total comprehensive income for the financial year		-	9,217,669	9,217,669
Dividends	26	-	(3,504,000)	(3,504,000)
Balance at 30.9.2023/1.10.2023		59,866,944	28,007,534	87,874,478
Profit after taxation, representing total comprehensive income for the financial period		-	6,287,330	6,287,330
Dividends		-	(2,484,000)	(2,484,000)
Balance at 30.4.2024		59,866,944	31,810,864	91,677,808
Unaudited	NOTE	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 30.9.2022/1.10.2022		59,866,944	22,293,865	82,160,809
Profit after taxation, representing total comprehensive income for the financial period		-	6,354,374	6,354,374
Dividends	26	-	(2,484,000)	(2,484,000)
Balance at 30.4.2023		59,866,944	26,164,239	86,031,183

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	←----- Audited -----→			Unaudited	Audited
	←----- FYE 30 September -----→			Seven-month Period	
NOTE	2021	2022	2023	←----- FPE 30 April -----→ 2023	2024
	RM	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit before taxation	10,881,266	11,394,049	12,881,911	8,845,476	9,063,331
Adjustments for:-					
Amortisation of intangible assets	56,000	56,000	22,237	22,237	-
Bad debts written off	13,368	17,103	5,433	65	11,570
Depreciation:					
- investment properties	30,749	30,814	30,747	22,700	17,935
- property, plant and equipment	1,678,392	2,498,534	2,339,983	1,358,496	1,320,103
- right-of-use assets	211,086	218,577	209,257	119,856	119,508
Finance costs	1,341,386	1,420,825	1,422,006	858,416	1,014,002
Impairment losses on trade receivables	726,499	967,687	1,399,295	701,125	474,861
Intangible assets written off	5,763	-	-	-	-
Inventories written off, net of reversal	2,563,794	2,046,817	837,350	312,246	284,520
Property, plant and equipment written off	1	7,382	2,875	-	574
Bad debts recovered	-	(5,571)	(2,036)	(2,036)	(194)
Dividend income from short-term investments	(62,328)	(38,734)	(50,918)	(27,995)	(48,308)
(Gain)/Loss on disposal of property, plant and equipment	(139,333)	114	(4,803)	(3,949)	(33,399)
Gain on bargain purchase	-	-	(2,452)	-	-
Gain on disposal of right-of-use assets	-	-	-	-	(21,378)
Balance carried forward	17,306,643	18,613,597	19,090,885	12,206,637	12,203,125

The annexed notes form an integral part of these financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 September ----->			Seven-month Period	
NOTE	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Balance brought forward	17,306,643	18,613,597	19,090,885	12,206,637	12,203,125
Interest income	(101,269)	(56,851)	(74,975)	(30,381)	(56,570)
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)	(913,689)	(1,200,649)
Operating profit before working capital changes	17,100,005	17,747,120	18,024,657	11,262,567	10,945,906
(Increase)/Decrease in inventories	(19,325,937)	872,602	3,274,695	1,748,223	(5,250,975)
(Increase)/Decrease in trade and other receivables	(3,671,186)	(6,654,418)	4,188,761	3,769,528	(953,730)
(Decrease)/Increase in trade and other payables	(200,767)	(1,386,804)	317,362	(700,725)	(643,616)
CASH (FOR)/FROM OPERATIONS	(6,097,885)	10,578,500	25,805,475	16,079,593	4,097,585
Income tax paid	(3,480,484)	(3,442,888)	(4,432,335)	(1,485,491)	(2,497,183)
Income tax refunded	-	-	1,135,495	-	-
Interest paid	(1,341,386)	(1,420,825)	(1,422,006)	(858,416)	(1,014,002)
Interest received	101,269	56,851	74,975	30,381	56,570
Real property gain tax refunded	-	-	225,000	-	-
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(10,818,486)	5,771,638	21,386,604	13,766,067	642,970

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 September ----->			Seven-month Period	
NOTE	2021	2022	2023	←----- FPE 30 April -----> 2023	2024
	RM	RM	RM	RM	RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	27	-	-	(3,589)	-
Purchase of property, plant and equipment	28(a)	(4,474,969)	(1,175,547)	(596,830)	(239,838)
(Purchase)/Disposal of short-term investments		(2,500,000)	1,000,000	-	-
Proceeds from disposal of property, plant and equipment		266,884	2,250	8,590	6,030
Proceeds from disposal of right-of-use assets		-	-	-	-
Withdrawal of/(Additions to) fixed deposits with tenure more than 3 months		982,814	52,323	(23,302)	(8,344)
NET CASH FOR INVESTING ACTIVITIES		(5,725,271)	(120,974)	(615,131)	(242,152)
		(1,918,135)			(1,918,135)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 September ----->			Seven-month Period	
NOTE	2021 RM	2022 RM	2023 RM	←----- FPE 30 April -----> 2023 RM	2024 RM
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid	(4,020,000)	(3,516,000)	(3,504,000)	(2,484,000)	(2,484,000)
Increase/(Decrease) in bankers' acceptances	28(b) 13,806,000	5,193,787	(24,224,787)	(14,536,164)	17,898,000
Drawdown of term loans	28(b) 2,066,343	-	-	-	-
Repayment of hire purchase obligations	28(b) (110,383)	(139,525)	(87,235)	(52,046)	(21,907)
Repayment of term loans	28(b) (2,132,725)	(1,679,385)	(1,614,030)	(948,670)	(985,385)
Withdrawal of/(Additions to) pledged fixed deposits	1,525,470	148,194	(2,510)	(2,510)	(1,117)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	11,134,705	7,071	(29,432,562)	(18,023,390)	14,405,591
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,409,052)	5,657,735	(8,661,089)	(4,499,475)	13,130,426
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD	15,787,697	10,378,645	16,036,380	16,036,380	7,375,291
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	28(d) 10,378,645	16,036,380	7,375,291	11,536,905	20,505,717

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**1. GENERAL INFORMATION**

This report has been prepared in accordance with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in this prospectus of Supreme Consolidated Resources Bhd. in connection with the listing of and quotation for the entire enlarged issued share capital of Supreme Consolidated Resources Bhd. on the ACE market of Bursa Malaysia Securities Berhad.

The Company was incorporated in Malaysia on 11 July 2016 as a private limited liability company under the name of Supreme Consolidated Resources Sdn. Bhd..

On 10 July 2018, the Company was converted into a public limited company and assumed its present name.

The registered office and principal place of business are as follows:-

Registered office : Lot 919, Block 7,
Muara Tebas Land District,
Demak Laut Industrial Park, Sejingkat,
93050 Kuching, Sarawak.

Principal place of business : Lot 842, Block 7,
Muara Tebas Land District,
Lorong Demak Laut 3A,
Demak Laut Industrial Park,
93050 Kuching, Sarawak.

Supreme Consolidated Resources Bhd. ("SCRB") is principally engaged in the business of investment holding.

The details of the subsidiaries which have their principal place of business and country of incorporation in Malaysia are as follows:-

- (a) Supreme Cold Storage Sdn. Bhd. ("SCS") was incorporated on 17 November 1987 as a private limited company and was subsequently acquired by SCR B and become a 100% owned subsidiary of SCR B. It is principally engaged in the business of distribution of frozen & chilled food products.
- (b) Supreme Food Supply (M) Sdn. Bhd. ("SFS") was incorporated on 6 April 1999 as a private limited company and was subsequently acquired by SCR B and become a 100% owned subsidiary of SCR B. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.
- (c) Borneo Food Land Coldstorage Sdn. Bhd. ("BFL") was incorporated on 24 May 2000 as a private limited company and was subsequently acquired by SCR B and become a 100% owned subsidiary of SCR B. It is principally engaged in the business of distribution of frozen & chilled food products and ambient F&B products.
- (d) Supreme Transportation Sdn. Bhd. ("STSB") (formerly known as SKJU Logistics Sdn. Bhd.) was incorporated on 24 August 2016 as a private limited company and was subsequently acquired by SCR B and become a 100% owned subsidiary of SCR B. It is principally engaged in the business of provision of transportation services.
- (e) Supreme Trading Sdn. Bhd. ("STRADING") was incorporated on 8 July 2008 as a private limited company and was subsequently acquired by SCR B and become a 100% owned subsidiary of SCR B. It is principally engaged in the sales of Non-F&B products in Sabah and Sarawak.
- (f) Supreme Dairy Ventures Sdn. Bhd. ("SDV") was incorporated on 10 June 2019 as a 100% owned subsidiary of SCR B, a private limited company and was dormant since the date of incorporation.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**2. BASIS OF PREPARATION**

The consolidated financial statements of the Group for the financial years ended 30 September 2021, 2022, 2023 and for the seven-month financial period ended 30 April 2024 have been prepared under the historical cost convention and modified to include other basis of valuation as disclosed in other sections under material accounting policy information, and in compliance with MFRS, IFRSs and Prospectus Guidelines. The financial statements of all subsidiaries for the above mentioned financial years/period were audited by Crowe Malaysia PLT and were not subject to any qualification, modification or disclaimer of opinion.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION**3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

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

(a) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.1 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)

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(c) Write-down of Inventories

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

(d) Impairment of Trade Receivables

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

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 FINANCIAL INSTRUMENTS

(a) Financial Assets

Financial Assets Through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

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.

(b) Financial Liabilities

Financial Liabilities Through Profit or Loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

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.

(c) 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.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****3.2 FINANCIAL INSTRUMENTS (CONT'D)****(d) Financial Guarantee Contracts**

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

3.3 GOODWILL

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

3.4 PROPERTY, PLANT AND EQUIPMENT

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

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

Freehold land is not depreciated. Depreciation on other 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 rates are:-

Buildings	2% - 20%
Furniture, fittings and equipment	10% - 50%
Motor vehicles	20%
Office renovation	15% - 20%
Plant and machineries	15% - 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)**3.5 INVESTMENT PROPERTIES**

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period is 50 years.

3.6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**(a) Short-term Leases and Leases of Low-value Assets**

The Group applies 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.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. 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.

(c) 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.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.7 INTANGIBLE ASSETS – AGENCY RIGHTS

Intangible assets are initially measured at cost. Subsequent to the initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

The intangible assets with definite lives are amortised using the straight-line method to allocate their depreciable amounts over the following periods:-

Agency rights	5 years
---------------	---------

3.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	At 1.10.2020	Additions	Disposals	Write Off	Reclassification	Depreciation Charges	At 30.9.2021
	RM	RM	RM	RM	RM	RM	RM
30.9.2021							
<i>Carrying Amount</i>							
Freehold land	-	930,000	-	-	-	-	930,000
Buildings	6,552,998	492,310	-	-	8,503,954	(294,304)	15,254,958
Furniture, fittings and equipment	1,373,593	1,104,442	(24,463)	(1)	3,165,531	(479,225)	5,139,877
Motor vehicles	863,206	751,733	(83,120)	-	-	(465,345)	1,066,474
Office renovation	224,786	28,550	-	-	-	(36,681)	216,655
Plant and machineries	1,707,950	432,090	(19,968)	-	2,855,000	(402,837)	4,572,235
Capital work-in-progress	13,725,259	905,844	-	-	(14,524,485)	-	106,618
	24,447,792	4,644,969	(127,551)	(1)	-	(1,678,392)	27,286,817

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	At 1.10.2021	Additions	Disposals	Write Off	Reclassification	Depreciation Charges	At 30.9.2022
	RM	RM	RM	RM	RM	RM	RM
30.9.2022							
<i>Carrying Amount</i>							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	15,254,958	38,480	-	-	-	(412,690)	14,880,748
Furniture, fittings and equipment	5,139,877	332,481	(2,364)	(7,381)	-	(789,876)	4,672,737
Motor vehicles	1,066,474	370,378	-	-	-	(462,007)	974,845
Office renovation	216,655	3,160	-	-	-	(38,466)	181,349
Plant and machineries	4,572,235	431,048	-	(1)	106,618	(795,495)	4,314,405
Capital work-in-progress	106,618	-	-	-	(106,618)	-	-
	27,286,817	1,175,547	(2,364)	(7,382)	-	(2,498,534)	25,954,084

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	At 1.10.2022	Additions	Disposals	Write Off	Reclassification	Depreciation Charges	At 30.9.2023
	RM	RM	RM	RM	RM	RM	RM
30.9.2023							
<i>Carrying Amount</i>							
Freehold land	930,000	-	-	-	-	-	930,000
Buildings	14,880,748	239,047	-	-	-	(407,836)	14,711,959
Furniture, fittings and equipment	4,672,737	95,461	(3,787)	(2,875)	1,448	(771,797)	3,991,187
Motor vehicles	974,845	34,000	-	-	-	(353,824)	655,021
Office renovation	181,349	4,100	-	-	-	(27,066)	158,383
Plant and machineries	4,314,405	224,222	-	-	-	(779,460)	3,759,167
	25,954,084	596,830	(3,787)	(2,875)	1,448	(2,339,983)	24,205,717

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	At 1.10.2023 RM	Additions RM	Disposals RM	Write Off RM	Depreciation Charges RM	At 30.4.2024 RM
30.4.2024						
<i>Carrying Amount</i>						
Freehold land	930,000	-	-	-	-	930,000
Buildings	14,711,959	-	(246,384)	-	(238,950)	14,226,625
Furniture, fittings and equipment	3,991,187	185,005	(1,200)	(574)	(456,713)	3,717,705
Motor vehicles	655,021	174,541	(1)	-	(150,637)	678,924
Office renovation	158,383	-	-	-	(13,499)	144,884
Plant and machineries	3,759,167	136,875	-	-	(460,304)	3,435,738
	<u>24,205,717</u>	<u>496,421</u>	<u>(247,585)</u>	<u>(574)</u>	<u>(1,320,103)</u>	<u>23,133,876</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2021			
Freehold land	930,000	-	930,000
Buildings	17,786,254	(2,531,296)	15,254,958
Furniture, fittings and equipment	7,553,903	(2,414,026)	5,139,877
Motor vehicles	4,157,988	(3,091,514)	1,066,474
Office renovation	673,752	(457,097)	216,655
Plant and machineries	6,707,149	(2,134,914)	4,572,235
Capital work-in-progress	106,618	-	106,618
	<u>37,915,664</u>	<u>(10,628,847)</u>	<u>27,286,817</u>

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2022			
Freehold land	930,000	-	930,000
Buildings	17,824,734	(2,943,986)	14,880,748
Furniture, fittings and equipment	7,871,176	(3,198,439)	4,672,737
Motor vehicles	4,528,366	(3,553,521)	974,845
Office renovation	676,912	(495,563)	181,349
Plant and machineries	7,222,815	(2,908,410)	4,314,405
	<u>39,054,003</u>	<u>(13,099,919)</u>	<u>25,954,084</u>

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2023			
Freehold land	930,000	-	930,000
Buildings	18,063,781	(3,351,822)	14,711,959
Furniture, fittings and equipment	7,951,592	(3,960,405)	3,991,187
Motor vehicles	4,483,466	(3,828,445)	655,021
Office renovation	681,012	(522,629)	158,383
Plant and machineries	7,447,037	(3,687,870)	3,759,167
	<u>39,556,888</u>	<u>(15,351,171)</u>	<u>24,205,717</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.4.2024			
Freehold land	930,000	-	930,000
Buildings	17,772,581	(3,545,956)	14,226,625
Furniture, fittings and equipment	8,124,900	(4,407,195)	3,717,705
Motor vehicles	4,512,707	(3,833,783)	678,924
Office renovation	681,012	(536,128)	144,884
Plant and machineries	7,583,912	(4,148,174)	3,435,738
	<u>39,605,112</u>	<u>(16,471,236)</u>	<u>23,133,876</u>

- (a) Included in the property, plant and equipment of the Group are buildings with carrying amount of RM13,726,571 (30.9.2021 – RM14,771,708; 30.9.2022 – RM14,039,578; 30.9.2023 – RM13,928,523) pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (b) Included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM77,000 (30.9.2021 – RM316,501; 30.9.2022 – RM202,100; 30.9.2023 – RM101,500) held under hire purchase arrangements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 15.
- (c) The title of the building of the Group with carrying amount of Nil (30.9.2021 – RM253,452; 30.9.2022 – RM242,667; 30.9.2023 – Nil) is in the process of being registered in the name of the subsidiary. The title of the building is transferred to the Group during the financial year 2023.
- (d) Included in the property, plant and equipment of the Group are the following fully depreciated assets which are still in use:-

	<----- Audited ----->			
	<----- As at 30 September ----->		>----- As at 30 April ----->	
	2021 RM	2022 RM	2023 RM	2024 RM
Buildings	1,024,823	1,031,523	1,031,523	1,061,523
Furniture, fittings and equipment	1,441,757	1,755,867	1,908,205	1,964,422
Motor vehicles	1,647,988	2,039,288	3,093,487	3,157,587
Office renovation	228,933	228,933	228,933	455,480
Plant and machineries	1,432,706	1,445,670	1,749,216	1,808,436
	<u>5,776,207</u>	<u>6,501,281</u>	<u>8,011,364</u>	<u>8,447,448</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENT PROPERTIES

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
30.9.2021			
<i>Carrying Amount</i>			
Buildings	1,593,617	(30,749)	1,562,868
	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
30.9.2022			
<i>Carrying Amount</i>			
Buildings	1,562,868	(30,814)	1,532,054
	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
30.9.2023			
<i>Carrying Amount</i>			
Buildings	1,532,054	(30,747)	1,501,307
	At 1.10.2023 RM	Depreciation Charge RM	At 30.4.2024 RM
30.4.2024			
<i>Carrying Amount</i>			
Buildings	1,501,307	(17,935)	1,483,372

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**5. INVESTMENT PROPERTIES (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2021			
Buildings	1,626,927	(64,059)	1,562,868
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2022			
Buildings	1,626,927	(94,873)	1,532,054
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.9.2023			
Buildings	1,626,927	(125,620)	1,501,307
	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
30.4.2024			
Buildings	1,626,927	(143,555)	1,483,372
Fair value			1,620,000

- (a) The investment properties have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (b) At the end of the reporting period, the titles of the investment properties of the Group with carrying amount of Nil (30.9.2021 – RM1,562,868; 30.9.2022 – RM1,532,054; 30.9.2023 – Nil) are in the process of being registered in the name of the subsidiaries. The titles of the investment properties are transferred to the Group during the financial year 2023.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**5. INVESTMENT PROPERTIES (CONT'D)**

- (c) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

6. RIGHT-OF-USE ASSETS

	At 1.10.2020 RM	Depreciation Charge RM	At 30.9.2021 RM
30.9.2021			
<i>Carrying Amount</i>			
Short-term leasehold land	7,682,797	(211,086)	7,471,711
	At 1.10.2021 RM	Depreciation Charge RM	At 30.9.2022 RM
30.9.2022			
<i>Carrying Amount</i>			
Short-term leasehold land	7,471,711	(218,577)	7,253,134
	At 1.10.2022 RM	Depreciation Charge RM	At 30.9.2023 RM
30.9.2023			
<i>Carrying Amount</i>			
Short-term leasehold land	7,253,134	(209,257)	7,043,877

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**6. RIGHT-OF-USE ASSETS (CONT'D)**

	At 1.10.2023 RM	Disposal RM	Depreciation Charge RM	At 30.4.2024 RM
30.4.2024				
<i>Carrying Amount</i>				
Short-term leasehold land	7,043,877	(644,622)	(119,508)	6,279,747

- (a) The Group has lease contracts for short-term leasehold land used in its operations. Their lease terms are as below:

←----- Audited ----->			
←----- As at 30 September ----->			As at 30 April
2021	2022	2023	2024
RM	RM	RM	RM

Short-term leasehold land	27 to 60 years	27 to 60 years	27 to 60 years	37 to 60 years
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- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) Included in the right-of-use assets of the Group are short-term leasehold land with carrying amount of RM6,126,408 (30.9.2021 – RM6,583,910; 30.9.2022 – RM6,401,123; 30.9.2023 – RM6,227,620) have been granted to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.
- (d) At the end of the reporting period, the titles of the short-term leasehold land of the Group with carrying amount of Nil (30.9.2021 – RM4,570,839; 30.9.2022 – RM4,441,633; 30.9.2023 – Nil) are in the process of being registered in the name of the subsidiaries. The title of the short-term leasehold land are transferred to the Group during the financial year 2023.

7. INTANGIBLE ASSETS

	At 1.10.2020 RM	Write Off RM	Amortisation RM	At 30.9.2021 RM
30.9.2021				
<i>Carrying Amount</i>				
Agency rights	140,000	(5,763)	(56,000)	78,237

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONT'D)

	At 1.10.2021 RM	Amortisation RM	At 30.9.2022 RM
30.9.2022			
<i>Carrying Amount</i>			
Agency rights	78,237	(56,000)	22,237
	At 1.10.2022 RM	Amortisation RM	At 30.9.2023 RM
30.9.2023			
<i>Carrying Amount</i>			
Agency rights	22,237	(22,237)	-
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
30.9.2021			
Agency rights	260,790	(182,553)	78,237
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
30.9.2022			
Agency rights	260,790	(238,553)	22,237
	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
30.9.2023			
Agency rights	260,790	(260,790)	-

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INTANGIBLE ASSETS (CONT'D)

	At Cost RM	Accumulated Amortisation RM	Carrying Amount RM
30.4.2024			
Agency rights	260,790	(260,790)	-

8. GOODWILL

	←----- Audited ----->			
	←----- As at 30 September ----->		----- As at 30 April ----->	
	2021	2022	2023	2024
	RM	RM	RM	RM
Cost:-				
At 1 October/30 September/30 April	21,991,831	21,991,831	21,991,831	21,991,831

The carrying amounts of goodwill are allocated to the Group's cash-generating unit (CGU) of trading of food and beverage products.

The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flows are extrapolated using an estimated growth rate based on management's assumptions for the forecast period as well as their historical experience of the business.

The recoverable amount of a CGU is determined based on pre-tax cash flow projections of the cold storage business. The pre-tax discount rate applied to the applied to the cash flow projections are derived from the weighted average cost of capital of the Group.

The key assumptions used in the value-in-use calculations are an average growth rate of 2% (30.9.2021 – 2%; 30.9.2022 – 2%; 30.9.2023 – 2%) per annum with a discount factor of 10% (30.9.2021 – 10%; 30.9.2022 – 10%; 30.9.2023 – 10%). Management is of the opinion that there are no foreseeable changes in any of the above assumptions that would cause the carrying amount of the CGU to materiality exceed its recoverable amount.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**9. INVENTORIES**

	<----- Audited ----->			
	<----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
At cost:-				
Frozen and chilled food products	28,577,495	24,165,399	21,138,603	27,063,148
Ambient F&B products	3,003,822	4,492,697	3,379,340	2,471,639
Non-F&B products	-	-	158,125	107,736
	31,581,317	28,658,096	24,676,068	29,642,523
Rights to recover returned goods	515,554	519,356	514,979	514,979
	32,096,871	29,177,452	25,191,047	30,157,502
Recognised in profit or loss:-				
Inventories recognised as cost of sales	145,470,651	166,771,643	155,438,135	104,436,649
Inventories written off	2,563,794	2,770,648	1,619,851	284,520
Reversal of inventories previously written off	-	(723,831)	(782,501)	-

An asset for a right to recover returned goods and the corresponding refund liabilities are recognised in relation to food and beverages sold. These are measured by reference to the carrying amounts of inventories sold less any expected costs to recover those inventories and any potential decrease in value.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**10. TRADE RECEIVABLES**

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Third parties	25,596,531	33,595,954	29,517,258	30,291,682
Related parties	18,297	17,176	9,438	6,929
	25,614,828	33,613,130	29,526,696	30,298,611
Allowance for impairment losses	(1,144,480)	(1,302,541)	(1,710,583)	(984,795)
	24,470,348	32,310,589	27,816,113	29,313,816
Allowance for impairment losses:-				
At 1 October	523,350	1,144,480	1,302,541	1,710,583
Addition during the financial year/period	726,499	967,687	1,399,295	474,861
Reversal during the financial year/period	(105,369)	(809,626)	(991,253)	(1,200,649)
At 30 September/30 April	1,144,480	1,302,541	1,710,583	984,795

- (a) The Group's normal trade credit terms ranging from 14 to 90 (30.9.2021 – 30 to 60; 30.9.2022 – 14 to 90; 30.9.2023 – 14 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.
- (b) The amount owing by related parties is amount due from companies in which certain directors of the Group have financial interest. The amount is unsecured, interest-free and repayable on demand. The amount is to be settled in cash.

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Other receivables:				
- third parties	213,879	136,485	54,465	209,029
Deposits	241,636	210,886	197,036	230,926
Prepayments	1,313,087	65,815	89,494	71,479
	1,768,602	413,186	340,995	511,434

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**12. SHORT-TERM INVESTMENTS**

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Unit trusts, at fair value	2,562,328	1,601,062	1,651,980	4,200,288

13. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 2.40% to 3.00% (30.9.2021 – 1.45% to 2.49%; 30.9.2022 – 1.19% to 2.40%; 30.9.2023 – 1.55% to 2.70%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (30.9.2021 – 1 to 12; 30.9.2022 – 1 to 12; 30.9.2023 – 1 to 12) months.
- (b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was a total amount of RM108,294 (30.9.2021 – RM252,861; 30.9.2022 – RM104,667; 30.9.2023 – RM107,177) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15.

14. SHARE CAPITAL

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	Number of Shares			

Issued and Fully Paid-Up

Ordinary Shares	120,000,000	120,000,000	120,000,000	120,000,000
-----------------	-------------	-------------	-------------	-------------

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM

Issued and Fully Paid-Up

Ordinary Shares	59,866,944	59,866,944	59,866,944	59,866,944
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The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**15. BANK BORROWINGS**

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Short-term borrowings (secured):				
- Bank overdrafts	1,068,598	224,634	5,966,050	919
- Bankers' acceptances	34,726,000	39,919,787	15,695,000	33,593,000
- Term loans	1,737,316	1,627,725	1,671,964	1,533,616
- Hire purchase payables	113,747	87,235	36,499	51,695
	<u>37,645,661</u>	<u>41,859,381</u>	<u>23,369,513</u>	<u>35,179,230</u>
Long-term borrowings (secured):				
- Term loans	8,415,844	6,846,050	5,187,781	4,340,744
- Hire purchase payables	207,231	94,218	57,719	176,616
	<u>8,623,075</u>	<u>6,940,268</u>	<u>5,245,500</u>	<u>4,517,360</u>
Total borrowings (secured):				
- Bank overdrafts	1,068,598	224,634	5,966,050	919
- Bankers' acceptances	34,726,000	39,919,787	15,695,000	33,593,000
- Term loans	10,153,160	8,473,775	6,859,745	5,874,360
- Hire purchase payables	320,978	181,453	94,218	228,311
	<u>46,268,736</u>	<u>48,799,649</u>	<u>28,615,013</u>	<u>39,696,590</u>

- (a) The bank borrowings of the Group are secured by way of:-
- (i) legal charge over the property, plant and equipment, investment properties and right-of-use assets of the Group as disclosed in Notes 4, 5 and 6;
 - (ii) pledge of fixed deposits of the Group as disclosed in Note 13; and
 - (iii) joint and several guarantee by certain directors of the Group.
- (b) The bank overdrafts bore interest rate at 7.85% (30.9.2021 – 6.20% to 6.70%; 30.9.2022 – 7.32%; 30.9.2023 – 7.45% to 7.95%) per annum.
- (c) The bankers' acceptances bore interest rates ranging from 3.60% to 5.81% (30.9.2021 – 1.97% to 4.02%; 30.9.2022 – 2.31% to 4.77%; 30.9.2023 – 3.41% to 5.33%) per annum.
- (d) The term loans bore interest rates ranging from 3.00% to 4.86% (30.9.2021 – 3.00% to 6.70%; 30.9.2022 – 3.00% to 4.70%; 30.9.2023 – 3.00% to 4.88%) per annum.
- (e) The hire purchases payables at the end of the reporting period bore effective interest rate at 4.09% (30.9.2021 – 4.09% to 7.44%; 30.9.2022 – 4.09% to 7.44%; 30.9.2023 – 4.09% to 7.44%) per annum.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. DEFERRED TAX LIABILITIES

	At 1.10.2020 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2021 RM
30.9.2021			
<u>Deferred Tax Liabilities</u>			
Property, plant and equipment*	(507,420)	(380,515)	(887,935)
<u>Deferred Tax Assets</u>			
Provision	62,270	99,152	161,422
	<u>(445,150)</u>	<u>(281,363)</u>	<u>(726,513)</u>
	At 1.10.2021 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2022 RM
30.9.2022			
<u>Deferred Tax Liabilities</u>			
Property, plant and equipment*	(887,935)	(19,367)	(907,302)
<u>Deferred Tax Assets</u>			
Provision	161,422	847	162,269
	<u>(726,513)</u>	<u>(18,520)</u>	<u>(745,033)</u>
	At 1.10.2022 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2023 RM
30.9.2023			
<u>Deferred Tax Liabilities</u>			
Property, plant and equipment*	(907,302)	(36,756)	(944,058)
<u>Deferred Tax Assets</u>			
Provision	162,269	219,492	381,761
	<u>(745,033)</u>	<u>182,736</u>	<u>(562,297)</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**16. DEFERRED TAX LIABILITIES (CONT'D)**

	At 1.10.2023 RM	Recognised in Profit or Loss (Note 24) RM	At 30.9.2024 RM
30.4.2024			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment*	(944,058)	-	(944,058)
<i>Deferred Tax Assets</i>			
Provision	381,761	-	381,761
	<u>(562,297)</u>	<u>-</u>	<u>(562,297)</u>

* Includes the deferred tax from the revaluation of property, plant and equipment.

17. TRADE PAYABLES

	<----- Audited ----->			
	<----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Trade payables	3,783,313	2,912,160	2,845,101	3,369,533
Refund liabilities	664,732	688,669	621,030	621,030
	<u>4,448,045</u>	<u>3,600,829</u>	<u>3,466,131</u>	<u>3,990,563</u>

The normal trade credit term granted to the Group is 30 to 90 (30.9.2021 – 30 to 60; 30.9.2022 – 30 to 90; 30.9.2023 – 30 to 90) days.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**18. OTHER PAYABLES AND ACCRUALS**

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM
Other payables:-				
Third parties	1,130,255	818,195	909,640	1,064,522
Related parties	2,190	-	1,439	966
Service tax payable	-	-	-	14,982
	1,132,445	818,195	911,079	1,080,470
Accruals	2,753,077	2,525,039	2,633,402	1,727,349
Deposits	63,286	65,986	470,986	39,600
	3,948,808	3,409,220	4,015,467	2,847,419

The amount owing to related parties is amount due to companies in which certain directors of the Group have financial interest. The amount are to be settled in cash.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. REVENUE

	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 September ----->			←----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Revenue from Contracts with Customers					
<u>Recognised at a point in time</u>					
Frozen and chilled food products	166,715,871	187,214,097	176,356,023	102,659,505	117,330,621
Ambient F&B products	20,785,936	22,738,681	22,939,293	14,209,077	15,256,153
Non-F&B products	-	-	347,460	-	107,741
	187,501,807	209,952,778	199,642,776	116,868,582	132,694,515

For sales to supermarkets that permit the customers to return an item, revenue is adjusted for expected returns to the extent that it is highly probable that a significant reversal in revenue recognised will not occur. The Group estimated the returns based on the historical and forward-looking data.

The information on the disaggregation of revenue by geographical market is disclosed in Note 31.2.

The information about the performance obligations in contracts with customers is summarised below:-

(a) Sales of Goods

Revenue from sales of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER INCOME

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Bad debts recovered	-	5,571	2,036	2,036	194
COVID-19-related subsidies from government	16,800	-	-	-	-
Dividend income from short-term investments	62,328	38,734	50,918	27,995	48,308
Freight income	25,916	28,383	23,349	15,195	30,652
Gain on bargain purchase	-	-	2,452	-	-
Gain on disposal of property, plant and equipment	139,333	280	4,803	3,949	45,632
Gain on disposal of right-of-use assets	-	-	-	-	21,378
Incentive income	64,347	25,283	-	-	3,226
Interest income on financial assets measured at amortised cost:					
- bank balances	48,681	33,314	48,429	11,541	30,756
- fixed deposits with licensed banks	52,588	23,537	26,546	18,840	25,814
Lease income:					
- rental income from investment properties	111,500	192,550	139,150	84,650	120,800
- property, plant and equipment	4,800	3,600	57,600	5,800	(9,297)
- sublease of right-of-use asset	-	-	6,000	33,600	2,400
Miscellaneous	166,181	178,841	216,684	146,180	270,690
Realised gain on foreign exchange	-	-	64,631	2,479	-
Service and maintenance	-	-	1,705	-	1,055
	692,474	530,093	644,303	352,265	591,608

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. FINANCE COSTS

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Interest expense on financial liabilities that are not at fair value through profit or loss:					
- bank overdrafts interest	81,737	112,665	239,297	119,423	70,153
- bankers' acceptances interest	862,021	948,135	841,560	547,107	788,518
- hire purchase interest	16,191	12,493	6,166	4,198	1,968
- term loans interest	381,437	347,532	334,983	187,688	153,363
	1,341,386	1,420,825	1,422,006	858,416	1,014,002

22. NET IMPAIRMENT LOSSES/(GAINS) ON FINANCIAL ASSETS

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Impairment loss on trade receivables	726,499	967,687	1,399,295	701,125	474,861
Reversal of impairment loss on trade receivables	(105,369)	(809,626)	(991,253)	(913,689)	(1,200,649)
	621,130	158,061	408,042	(212,564)	(725,788)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. PROFIT BEFORE TAXATION

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Profit before taxation is arrived at after charging/(crediting):-					
Amortisation of intangible assets	56,000	56,000	22,237	22,237	-
Auditors' remuneration:					
- current year provision	117,000	130,000	150,000	102,317	85,791
- overprovision in the previous financial year	-	(1,000)	-	-	-
Bad debts written off	13,368	17,103	5,433	65	11,570
Depreciation:					
- investment properties	30,749	30,814	30,747	22,700	17,935
- property, plant and equipment	1,678,392	2,498,534	2,339,983	1,358,496	1,320,103
- right-of-use assets	211,086	218,577	209,257	119,856	119,508
Directors' remuneration (Note 29(a))	3,206,989	3,137,745	3,197,199	1,846,021	1,742,349
Intangible assets written off	5,763	-	-	-	-
Inventories written off	2,563,794	2,770,648	1,619,851	312,246	284,520

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. PROFIT BEFORE TAXATION (CONT'D)

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Lease expenses:					
- short-term leases	64,000	122,331	49,359	40,782	172,796
- low value assets	8,868	8,921	8,881	13,956	5,081
Loss on disposal of property, plant and equipment	-	394	-	-	12,233
Plant hire	-	-	1,270	-	-
Property, plant and equipment written off	1	7,382	2,875	-	574
Realised loss on foreign exchange	8,632	44,890	-	-	5,208
Reversal of inventories previously written off	-	(723,831)	(782,501)	-	-
Staff costs (including other key management personnel as disclosed in Note 29(b)):					
- short-term employee benefits	6,864,560	7,567,689	8,197,362	4,697,284	4,866,586
- defined contribution benefits	1,178,446	1,157,187	1,192,166	780,489	752,060

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Current tax expense:					
- for the financial year	2,902,265	3,259,301	3,905,681	2,549,412	2,614,640
- under/(over)provision in the previous financial year	51,832	(42,907)	(58,703)	(58,310)	158,213
	2,954,097	3,216,394	3,846,978	2,491,102	2,772,853
Real property gains tax	-	-	-	-	3,148
Deferred tax expense (Note 16):					
- origination and reversal of temporary difference	301,818	19,900	(192,391)	-	-
- (over)/underprovision in the previous financial year	(20,455)	(1,380)	9,655	-	-
	281,363	18,520	(182,736)	-	-
	3,235,460	3,234,914	3,664,242	2,491,102	2,776,001

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Profit before taxation	10,881,266	11,394,049	12,881,911	8,845,476	9,063,331
Tax at the statutory tax rate of 24% (30.9.2021 - 24%; 30.9.2022 - 24%; 30.9.2023 - 24%; 30.4.2023 - 24%)	2,611,504	2,734,572	3,091,659	2,122,914	2,175,199
Tax effects of:-					
Non-deductible expenses	523,157	605,225	612,101	454,493	402,493
Non-taxable income	(7,714)	-	-	(27,995)	-
Deferred tax movements not recognised during the financial year	77,136	(60,596)	9,530	-	36,948
Real property gains tax	-	-	-	-	3,148
Under/(Over)provision in the previous financial year:					
- income tax	51,832	(42,907)	(58,703)	(58,310)	158,213
- deferred tax	(20,455)	(1,380)	9,655	-	-
Income tax expense for the financial year	3,235,460	3,234,914	3,664,242	2,491,102	2,776,001

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. EARNINGS PER SHARE

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Profit after taxation attributable to owners of the Company (RM)	7,645,806	8,159,135	9,217,669	6,354,374	6,287,330
Weighted average number of ordinary shares in issue	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000
Basic earnings per share (sen)	6.37	6.80	7.68	5.30	5.24

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. DIVIDENDS

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
First interim dividend of 2.50 sen per ordinary share in respect of the financial year ended 30 September 2020	3,000,000	-	-	-	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2021	1,020,000	-	-	-	-
Second interim dividend of 2.08 sen per ordinary share in respect of the financial year ended 30 September 2021	-	2,496,000	-	-	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2022	-	1,020,000	-	-	-
Second interim dividend of 2.07 sen per ordinary share in respect of the financial year ended 30 September 2022	-	-	2,484,000	2,484,000	-
First interim dividend of 0.85 sen per ordinary share in respect of the financial year ended 30 September 2023	-	-	1,020,000	-	-
Second interim dividend of 2.07 sen per ordinary share in respect of the financial year ended 30 September 2023	-	-	-	-	2,484,000
	4,020,000	3,516,000	3,504,000	2,484,000	2,484,000

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**27. ACQUISITION OF A SUBSIDIARY**

On 31 May 2023, the Company acquired 100% equity interests in Supreme Trading Sdn. Bhd..

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	30.9.2023 RM
Equipment	1,448
Inventories	125,640
Trade receivables	33,533
Bank overdraft	(2,589)
Trade payables	(3,162)
Other payables and accruals	(3,200)
Amount owing to directors	(147,825)
Current tax liabilities	(393)
	<hr/>
Net identifiable assets acquired	3,452
Less: Gain on bargain purchase	(2,452)
	<hr/>
Total purchase consideration, to be settled by cash	1,000
Less: Cash and bank balances of subsidiary acquired	2,589
	<hr/>
Net cash outflow from the acquisition of a subsidiary	<u>3,589</u>

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Cost of property, plant and equipment purchased (Note 4)	4,644,969	1,175,547	596,830	239,838	496,421
Less: Acquired through hire purchase (Note 28 (b))	(170,000)	-	-	-	(156,000)
	4,474,969	1,175,547	596,830	239,838	340,421

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**28. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
Audited				
30.9.2021				
At 1 October	20,920,000	10,219,542	261,361	31,400,903
<u>Changes in Financing Cash</u>				
<u>Flows</u>				
Proceeds from drawdown	99,491,877	2,066,343	-	101,558,220
Repayment of principal	(85,685,877)	(2,132,725)	(110,383)	(87,928,985)
Repayment of interest	(862,021)	(381,437)	(16,191)	(1,259,649)
	12,943,979	(447,819)	(126,574)	12,369,586
<u>Other Changes</u>				
New hire purchase (Note 28(a))	-	-	170,000	170,000
Interest expense recognised in profit or loss	862,021	381,437	16,191	1,259,649
	862,021	381,437	186,191	1,429,649
At 30 September	34,726,000	10,153,160	320,978	45,200,138
Audited				
30.9.2022				
At 1 October	34,726,000	10,153,160	320,978	45,200,138
<u>Changes in Financing Cash</u>				
<u>Flows</u>				
Proceeds from drawdown	107,485,171	-	-	107,485,171
Repayment of principal	(102,291,384)	(1,679,385)	(139,525)	(104,110,294)
Repayment of interest	(948,135)	(347,532)	(12,493)	(1,308,160)
	4,245,652	(2,026,917)	(152,018)	2,066,717
<u>Other Changes</u>				
Interest expense recognised in profit or loss	948,135	347,532	12,493	1,308,160
	948,135	347,532	12,493	1,308,160
At 30 September	39,919,787	8,473,775	181,453	48,575,015

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**28. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
Audited				
30.9.2023				
At 1 October	39,919,787	8,473,775	181,453	48,575,015
<u>Changes in Financing Cash</u>				
<u>Flows</u>				
Proceeds from drawdown	99,429,709	-	-	99,429,709
Repayment of principal	(123,654,496)	(1,614,030)	(87,235)	(125,355,761)
Repayment of interest	(841,560)	(334,983)	(6,166)	(1,182,709)
	(25,066,347)	(1,949,013)	(93,401)	(27,108,761)
<u>Other Changes</u>				
Interest expense recognised in profit or loss	841,560	334,983	6,166	1,182,709
	841,560	334,983	6,166	1,182,709
At 30 September	15,695,000	6,859,745	94,218	22,648,963
Unaudited				
30.4.2023				
At 1 October	39,919,787	8,473,775	181,453	48,575,015
<u>Changes in Financing Cash</u>				
<u>Flows</u>				
Proceeds from drawdown	74,743,463	-	-	74,743,463
Repayment of principal	(89,279,627)	(948,670)	(52,046)	(90,280,343)
Repayment of interest	(547,107)	(187,688)	(4,198)	(738,993)
	(15,083,271)	(1,136,358)	(56,244)	(16,275,873)
<u>Other Changes</u>				
Interest expense recognised in profit or loss	547,107	187,688	4,198	738,993
	547,107	187,688	4,198	738,993
At 30 April	25,383,623	7,525,105	129,407	33,038,135

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**28. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:- (Cont'd)

	Bankers' Acceptances RM	Term Loans RM	Hire Purchase RM	Total RM
Audited				
30.4.2024				
At 1 October	15,695,000	6,859,745	94,218	22,648,963
<u>Changes in Financing Cash Flows</u>				
Proceeds from drawdown	33,593,000	-	-	33,593,000
Repayment of principal	(15,695,000)	(985,385)	(21,907)	(16,702,292)
Repayment of interest	(788,518)	(153,363)	(1,968)	(943,849)
	17,109,482	(1,138,748)	(23,875)	15,946,859
<u>Other Changes</u>				
New hire purchase (Note 28(a))	-	-	156,000	156,000
Interest expense recognised in profit or loss	788,518	153,363	1,968	943,849
	788,518	153,363	157,968	1,099,849
At 30 April	33,593,000	5,874,360	228,311	39,695,671

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Payment of short-term leases	64,000	122,331	49,359	40,782	172,796
Payment of low-value assets	8,868	8,921	8,881	13,956	5,081
	72,868	131,252	58,240	54,738	177,877

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936	1,384,538	1,425,751
Cash and bank balances	11,415,716	16,228,995	13,308,588	13,130,800	20,473,883
Bank overdrafts	(1,068,598)	(224,634)	(5,966,050)	(1,626,208)	(919)
	11,920,533	17,377,751	8,742,474	12,889,130	21,898,715
Less: Fixed deposits pledged to licensed banks	(252,861)	(104,667)	(107,177)	(107,177)	(108,294)
Less: Fixed deposits with tenure of more than 3 months	(1,289,027)	(1,236,704)	(1,260,006)	(1,245,048)	(1,284,704)
	10,378,645	16,036,380	7,375,291	11,536,905	20,505,717

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year/period are as follows:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
(a) Directors					
<u>Directors of the Company</u>					
Short-term employee benefits:					
- fees	700,000	760,000	760,000	420,000	407,500
- salaries, bonuses and other benefits	2,176,549	2,068,145	2,121,794	1,218,821	1,162,999
	2,876,549	2,828,145	2,881,794	1,638,821	1,570,499
Defined contribution benefits	330,440	309,600	315,405	207,200	171,850
Total directors' remuneration (Note 23)	3,206,989	3,137,745	3,197,199	1,846,021	1,742,349
(b) Other Key Management Personnel					
Short-term employee benefits	1,119,802	1,064,588	1,095,538	812,858	930,703
Defined contribution benefits	160,896	173,111	160,731	118,310	121,578
Total compensation for other key management personnel (Note 23)	1,280,698	1,237,699	1,256,269	931,168	1,052,281

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, companies connected to directors of the Group, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	<----- Audited ----->			Unaudited	Audited
	<----- FYE 30 September ----->			<----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Acquisition of equity interest in Supreme Trading Sdn. Bhd. from a director	-	-	1,000	-	-
Maintenance fees paid/payable to a company in which certain directors of the Group are directors and have financial interest	-	-	31,735	19,235	-
Purchases of property, plant and equipment from companies in which certain directors of the Group are directors and have financial interest	1,625,000	-	-	-	-
Purchases from a company in which certain directors of the Group are directors and have financial interest	-	-	18,559	548	28,095
Sales to companies in which certain directors of the Group are directors and have financial interest	(107,590)	(115,359)	(76,209)	(49,333)	(46,455)

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**30. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances (Cont'd)**

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

31. OPERATING SEGMENT

For management purposes, the Group is organised into business units based on their products and services provided. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:-

- Frozen and chilled food products segment – involved in the trading of frozen and chilled food and beverage products, logistics and transportation of goods and investment holding.
- Ambient-F&B products segment – involved in the trading of ambient food and beverage products.
- Non-F&B products segment – involved in the wholesale of cleaning material.

Segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities of the Group.

31.1 BUSINESS SEGMENT

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	The Group RM
Audited 30.9.2021			
Revenue			
Total revenue	166,715,871	20,785,936	187,501,807
Results			
Segment gross profit	20,310,067	1,450,116	21,760,183

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. OPERATING SEGMENT (CONT'D)

31.1 BUSINESS SEGMENT (CONT'D)

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	The Group RM
Audited 30.9.2022			
Revenue			
Total revenue	187,214,097	22,738,681	209,952,778
Results			
Segment gross profit	20,658,760	1,341,408	22,000,168

	Frozen and Chilled Food Products RM	Ambient Products RM	Non Food and beverages RM	The Group RM
Audited 30.9.2023				
Revenue				
Total revenue	176,356,023	22,939,293	347,460	199,642,776
Results				
Segment gross profit	21,955,413	1,839,924	66,115	23,861,452

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**31. OPERATING SEGMENT (CONT'D)**

31.1 BUSINESS SEGMENT (CONT'D)

	Frozen and Chilled Food Products RM	Ambient F&B Products RM	Non Food and beverages RM	The Group RM
Unaudited				
30.4.2023				
Revenue				
Total revenue	102,659,505	14,209,077	-	116,868,582
Results				
Segment gross profit	13,039,405	1,547,869	-	14,587,274
Audited				
30.4.2024				
Revenue				
Total revenue	117,330,621	15,256,153	107,741	132,694,515
Results				
Segment gross profit	14,417,831	1,234,537	5,741	15,658,109

Segment profit after taxation are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment profit after taxation of the Group.

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**31. OPERATING SEGMENT (CONT'D)****31.2 GEOGRAPHICAL INFORMATION**

Revenue is based on the country in which the customers are located. The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time				
	←----- Audited ----->			Unaudited	Audited
	←----- FYE 30 September ----->			←----- FPE 30 April ----->	
	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
Malaysia	186,273,010	208,821,530	197,744,643	115,752,155	130,570,202
Myanmar	604,975	825,698	1,898,133	1,116,427	2,124,313
Singapore	623,822	305,550	-	-	-
	<u>187,501,807</u>	<u>209,952,778</u>	<u>199,642,776</u>	<u>116,868,582</u>	<u>132,694,515</u>

31.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

32. CAPITAL COMMITMENTS

	←----- Audited ----->			
	←----- As at 30 September ----->			As at 30 April
	2021	2022	2023	2024
	RM	RM	RM	RM

Authorised and Contracted for:

Purchase of property, plant and equipment	73,000	-	-	601,490
Construction of property, plant and equipment	228,658	-	-	-
	<u>301,658</u>	<u>-</u>	<u>-</u>	<u>601,490</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

33.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Australian Dollar ("AUD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2021					
<u>Financial Assets</u>					
Trade receivables	1,431	-	-	24,468,917	24,470,348
Other receivables	184,482	6,297	558	22,542	213,879
Short-term investments	-	-	-	2,562,328	2,562,328
Fixed deposits with licensed banks	-	-	-	1,573,415	1,573,415
Cash and bank balances	-	-	-	11,415,716	11,415,716
	185,913	6,297	558	40,042,918	40,235,686

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2021					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	46,268,736	46,268,736
Trade payables	350,916	-	450	4,096,679	4,448,045
Other payables and accruals	-	-	-	3,948,808	3,948,808
	350,916	-	450	54,314,223	54,665,589

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2021					
Net financial (liabilities)/assets	(165,003)	6,297	108	(14,271,305)	(14,429,903)
Less: Net financial liabilities denominated in the Group's functional currency	-	-	-	14,271,305	14,271,305
Currency Exposure	(165,003)	6,297	108	-	(158,598)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2022					
<u>Financial Assets</u>					
Trade receivables	139,299	-	-	32,171,290	32,310,589
Other receivables	109,434	683	7,553	18,815	136,485
Short-term investments	-	-	-	1,601,062	1,601,062
Fixed deposits with licensed banks	-	-	-	1,373,390	1,373,390
Cash and bank balances	-	-	-	16,228,995	16,228,995
	248,733	683	7,553	51,393,552	51,650,521

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2022					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	48,799,649	48,799,649
Trade payables	16	-	286,704	3,314,109	3,600,829
Other payables and accruals	-	-	-	3,409,220	3,409,220
	16	-	286,704	55,522,978	55,809,698

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2022					
Net financial assets/(liabilities)	248,717	683	(279,151)	(4,129,426)	(4,159,177)
Less: Net financial liabilities denominated in the Group's functional currency	-	-	-	4,129,426	4,129,426
Currency Exposure	248,717	683	(279,151)	-	(29,751)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2023					
<u>Financial Assets</u>					
Trade receivables	-	-	-	27,816,113	27,816,113
Other receivables	36,936	788	232	16,509	54,465
Short-term investments	-	-	-	1,651,980	1,651,980
Fixed deposits with licensed banks	-	-	-	1,399,936	1,399,936
Cash and bank balances	-	-	-	13,308,588	13,308,588
	<u>36,936</u>	<u>788</u>	<u>232</u>	<u>44,193,126</u>	<u>44,231,082</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2023					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	28,615,013	28,615,013
Trade payables	-	-	450	3,465,681	3,466,131
Other payables and accruals	-	-	-	4,015,467	4,015,467
	-	-	450	36,096,161	36,096,611

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.9.2023					
Net financial assets/(liabilities)	36,936	788	(218)	8,096,965	8,134,471
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(8,096,965)	(8,096,965)
Currency Exposure	36,936	788	(218)	-	37,506

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.4.2024					
<u>Financial Assets</u>					
Trade receivables	-	-	-	29,313,816	29,313,816
Other receivables	154,164	6,219	1,646	47,000	209,029
Short-term investments	-	-	-	4,200,288	4,200,288
Fixed deposits with licensed banks	-	-	-	1,425,751	1,425,751
Cash and bank balances	-	-	-	20,473,883	20,473,883
	154,164	6,219	1,646	55,460,738	55,622,767

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.4.2024					
<u>Financial Liabilities</u>					
Bank borrowings	-	-	-	39,696,590	39,696,590
Trade payables	323,649	-	450	3,666,464	3,990,563
Other payables and accruals	-	-	-	2,832,437	2,832,437
	323,649	-	450	46,195,491	46,519,590

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:- (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Australian Dollar RM	Ringgit Malaysia RM	Total RM
30.4.2024					
Net financial (liabilities)/assets	(169,485)	6,219	1,196	9,265,247	9,103,177
Less: Net financial assets denominated in the Group's functional currency	-	-	-	(9,265,247)	(9,265,247)
Currency Exposure	(169,485)	6,219	1,196	-	(162,070)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	←----- Audited ----->			
	←----- FYE 30 September ----->		FPE 30 April	
	2021	2022	2023	2024
	RM	RM	RM	RM
Effects on Profit After Taxation				
USD/RM				
- strengthened by 10%	(12,712)	18,902	2,844	(11,805)
- weakened by 10%	12,712	(18,902)	(2,844)	11,805
EUR/RM				
- strengthened by 10%	472	52	64	492
- weakened by 10%	(472)	(52)	(64)	(492)
AUD/RM				
- strengthened by 10%	8	(21,215)	(52)	92
- weakened by 10%	(8)	21,215	52	(92)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 15.

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13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) **Market Risk (Cont'd)**

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	←----- Audited ----->			
	←----- FYE 30 September ----->		-----> FPE 30 April	
	2021	2022	2023	2024
	RM	RM	RM	RM
Effects on Profit After Taxation				
Increase of 25 basis points	(86,256)	(90,027)	(53,519)	(74,443)
Decrease of 25 basis points	86,256	90,027	53,519	74,443

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in prices of unit trusts.

Any reasonably possible change in the prices of unit trusts at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)****33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries of RM38,270,548 (30.9.2021 – RM43,958,180; 30.9.2022 – RM46,929,220; 30.9.2023 – RM27,137,306), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 150 days (30.9.2021 – 90 days; 30.9.2022 – 150 days; 30.9.2023 – 150 days) past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (30.9.2021 – 12 months; 30.9.2022 – 12 months; 30.9.2023 – 12 months) before the reporting date and the corresponding historical credit losses experienced within this period.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)*Allowance for Impairment Losses*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
30.9.2021				
Current (not past due)	10,834,869	(24,107)	(58,569)	10,752,193
1 to 30 days past due	8,030,905	(213,393)	(55,174)	7,762,338
31 to 60 days past due	3,976,540	(192,591)	(36,144)	3,747,805
61 to 90 days past due	1,796,498	(50,832)	(39,504)	1,706,162
More than 90 days past due	686,675	-	(184,825)	501,850
Credit impaired	289,341	(289,341)	-	-
	<u>25,614,828</u>	<u>(770,264)</u>	<u>(374,216)</u>	<u>24,470,348</u>
	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
30.9.2022				
Current (not past due)	16,996,073	(47,441)	(56,619)	16,892,013
1 to 30 days past due	7,644,958	(125,664)	(41,129)	7,478,165
31 to 60 days past due	3,601,213	(279,419)	(24,291)	3,297,503
61 to 90 days past due	3,002,100	(299,226)	(27,753)	2,675,121
More than 90 days past due	2,175,579	(156,707)	(51,085)	1,967,787
Credit impaired	193,207	(157,309)	(35,898)	-
	<u>33,613,130</u>	<u>(1,065,766)</u>	<u>(236,775)</u>	<u>32,310,589</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)*Allowance for Impairment Losses (Cont'd)*

	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
30.9.2023				
Current (not past due)	18,596,480	(122,415)	(96,173)	18,377,892
1 to 30 days past due	6,482,864	(355,645)	(46,940)	6,080,279
31 to 60 days past due	2,818,179	(605,645)	(14,901)	2,197,633
61 to 90 days past due	1,329,768	(220,834)	(9,937)	1,098,997
91 days to 150 days past due	73,546	-	(12,234)	61,312
Credit impaired	225,859	(114,199)	(111,660)	-
	<u>29,526,696</u>	<u>(1,418,738)</u>	<u>(291,845)</u>	<u>27,816,113</u>
	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
30.4.2024				
Current (not past due)	20,172,190	(250,643)	(33,485)	19,888,062
1 to 30 days past due	7,614,142	(130,850)	(29,827)	7,453,465
31 to 60 days past due	1,541,455	(13,592)	(13,993)	1,513,870
61 to 90 days past due	332,237	(132,784)	(10,496)	188,957
91 days to 150 days past due	327,321	(40,740)	(17,119)	269,462
Credit impaired	311,266	(302,804)	(8,462)	-
	<u>30,298,611</u>	<u>(871,413)</u>	<u>(113,382)</u>	<u>29,313,816</u>

The movements in the loss allowances in respect of trade receivables are disclosed in Note 10.

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**33. FINANCIAL INSTRUMENTS (CONT'D)**

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2021						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	1.97% - 7.44%	46,268,736	48,778,700	38,967,534	7,344,745	2,466,421
Trade payables	-	4,448,045	4,448,045	4,448,045	-	-
Other payables and accruals	-	3,948,808	3,948,808	3,948,808	-	-
		54,665,589	57,175,553	47,364,387	7,344,745	2,466,421

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2022						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	2.31% - 7.44%	48,799,649	51,067,165	43,395,850	6,225,017	1,446,298
Trade payables	-	3,600,829	3,600,829	3,600,829	-	-
Other payables and accruals	-	3,409,220	3,409,220	3,409,220	-	-
		55,809,698	58,077,214	50,405,899	6,225,017	1,446,298

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.9.2023						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	3.30% - 7.95%	28,615,013	30,157,892	24,826,095	4,122,790	1,209,007
Trade payables	-	3,466,131	3,466,131	3,466,131	-	-
Other payables and accruals	-	4,015,467	4,015,467	4,015,467	-	-
		36,096,611	37,639,490	32,307,693	4,122,790	1,209,007

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual Coupon/ Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
30.4.2024						
<u>Non-derivative Financial Liabilities</u>						
Bank borrowings	3.00% - 7.85%	39,696,590	41,498,773	36,932,834	3,048,131	1,517,808
Trade payables	-	3,990,563	3,990,563	3,990,563	-	-
Other payables and accruals	-	2,832,437	2,832,437	2,832,437	-	-
		46,519,590	48,321,773	43,755,834	3,048,131	1,517,808

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	←----- Audited ----->			
	←----- As at 30 September ----->		As at 30 April	
	2021	2022	2023	2024
	RM	RM	RM	RM
Bank borrowings	46,268,736	48,799,649	28,615,013	39,696,590
Trade payables	4,448,045	3,600,829	3,466,131	3,990,563
Other payables and accruals	3,948,808	3,409,220	4,015,467	2,832,437
	54,665,589	55,809,698	36,096,611	46,519,590
Less: Fixed deposits not pledged with licensed banks	(31,527)	(32,019)	(32,753)	(32,753)
Less: Cash and bank balances	(11,415,716)	(16,228,995)	(13,308,588)	(20,473,883)
Net debt	43,218,346	39,548,684	22,755,270	26,012,954
Total equity	77,517,674	82,160,809	87,874,478	91,677,808
Debt-to-equity ratio	0.56	0.48	0.26	0.28

There was no change in the Group's approach to capital management during the financial year/period.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	<----- Audited ----->			
	<----- As at 30 September ----->		----- As at 30 April ----->	
	2021	2022	2023	2024
	RM	RM	RM	RM
Financial Assets				
<u>Fair Value through Profit or Loss</u>				
Short-term investments	2,562,328	1,601,062	1,651,980	4,200,288
<u>Amortised Cost</u>				
Trade receivables	24,470,348	32,310,589	27,816,113	29,313,816
Other receivables	213,879	136,485	54,465	209,029
Fixed deposits with licensed banks	1,573,415	1,373,390	1,399,936	1,425,751
Cash and bank balances	11,415,716	16,228,995	13,308,588	20,473,883
	<u>37,673,358</u>	<u>50,049,459</u>	<u>42,579,102</u>	<u>51,422,479</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Bank borrowings	46,268,736	48,799,649	28,615,013	39,696,590
Trade payables	4,448,045	3,600,829	3,466,131	3,990,563
Other payables and accruals	3,948,808	3,409,220	4,015,467	2,832,437
	<u>54,665,589</u>	<u>55,809,698</u>	<u>36,096,611</u>	<u>46,519,590</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	<----- Audited ----->			
	<----- As at 30 September ----->		----- As at 30 April ----->	
	2021	2022	2023	2024
	RM	RM	RM	RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	62,328	38,734	50,918	48,308
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(533,229)	(113,969)	(336,484)	770,734
Financial Liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,358,207)	(1,465,715)	(1,357,375)	(1,019,186)

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2021				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	2,562,328	-	2,562,328	2,562,328
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	549,865	549,865	550,000

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2022				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	1,601,062	-	1,601,062	1,601,062
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	453,451	453,451	461,130

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.9.2023				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	1,651,980	-	1,651,980	1,651,980
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	349,174	349,174	352,905

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM	Total Fair Value RM	Carrying Amount RM
30.4.2024				
<u>Financial Asset</u>				
Short-term investments:				
- unit trusts	4,200,288	-	4,200,288	4,200,288
<u>Financial Liability</u>				
Term loans:				
- fixed rate	-	283,360	283,360	283,360

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONT'D)

33.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair value of unit trusts is determined by reference to statements provided by the financial institution, with which the investments were entered into at the reporting date.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value of term loans that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	----- Audited ----->			
	<----- As at 30 September ----->		----- As at 30 April ----->	
	2021	2022	2023	2024
	RM	RM	RM	RM
Term loans (fixed rate)	3.69%	4.02%	4.86%	3.00%

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13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD****(a) Status of Corporate Proposals**

Save for the following, there was no other corporate proposal announced but pending completion as at the date of this report.

Proposed Transfer of Listing

On 29 September 2023 the Company announced that the following shareholders: BNDM Incorporated Holdings Sdn Bhd, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat, Lim Ah Ted, Ting Ing Thai, Brandon Wee Wei Xuan, Ting Ing Soon, Lim Hang Min and Terence Lim Tze Yung (collectively, the "Proposers") had vide a letter dated 29 September 2023 requested the Board to consider undertaking the following:

- (i) proposed voluntary withdrawal of listing of the Company from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") pursuant to Rules 8.05 and 8.06 of the LEAP Market Listing Requirements of Bursa Securities ("**LEAP Market Listing Requirements**") ("**Proposed Withdrawal of Listing**"); and
- (ii) proposed listing of the Company on the ACE Market of Bursa Securities ("**Proposed Listing**"),

collectively referred to as the "**Proposed Transfer of Listing**".

The Board (save for Dato Richard Wee Liang Huat, Lim Ah Ted and Ting Ing Thai, who are part of the Proposers) had subsequently deliberated and agreed on the Proposed Transfer of Listing and the Company will take the necessary steps to implement the Proposed Transfer of Listing.

Pursuant to the Proposed Withdrawal of Listing, the Company on 27 October 2023 submitted an application, to Bursa Securities to seek an exemption from having to comply with the following:

- (i) the requirement for the Proposers to extend an exit offer to the remaining shareholders of the Company ("**Remaining Shareholders**") pursuant to Rule 8.06(1)(c) of the LEAP Market Listing Requirements; and
- (ii) for the appointment of an independent adviser to advise and make recommendations for the consideration of the shareholders in connection with the Proposed Withdrawal of Listing as well as the fairness and reasonableness of the exit offer, pursuant to Rule 8.06(1)(d) of the LEAP Market Listing Requirements,

collectively referred to as the "**Proposed Exemptions**".

13. ACCOUNTANTS' REPORT (CONT'D)**SUPREME CONSOLIDATED RESOURCES BHD.**

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)****(a) Status of Corporate Proposals (Cont'd)****Proposed Transfer of Listing (Cont'd)**

On 20 November 2023, Bursa Securities via a letter resolved to approve the Proposed Exemptions subject to the condition that the undertakings set out in the Remaining Shareholders' undertaking letters remain valid and binding until the completion of the proposed withdrawal of the Company's listing from the LEAP Market of Bursa Securities.

Proposed Bonus Issue of Shares

On 30 November 2023, Company proposed to undertake a bonus issue of 240,000,000 new SCRB Shares ("**Bonus Share(s)**") on the basis of 2 Bonus Shares for every 1 existing SCRB Share held by the shareholders of the Company whose names appear in the Record of Depositors of the Company on an entitlement date to be determined later ("**Proposed Bonus Issue of Shares**").

The Proposed Bonus Issue of Shares is intended to be undertaken by the Company purely as a pre-listing exercise prior to the Proposed Listing, where it forms an integral part of the Company's listing of and quotation for its enlarged issued share capital on the ACE Market of Bursa Securities pursuant to the Proposed Transfer of Listing.

Pursuant to the Proposed Bonus Issue of Shares, the Company on 1 December 2023 submitted an application for the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities.

Bursa Securities had vide its letter dated 9 January 2024 taken note of the listing and quotation of 240,000,000 Bonus Shares on the LEAP Market of Bursa Securities on a date to be determined later after all requisite approvals have been obtained in relation to the Proposed Transfer of Listing (as defined in the Company's announcement dated 29 September 2023).

Approval from shareholders

On 31 January 2024, the Company had obtained approval from the shareholders on the resolutions for the Proposed Transfer of Listing and the Proposed Bonus Issue of Shares at an EGM.

Submission of applications in relation to the Proposed Transfer of Listing

On 27 March 2024, on behalf of the Board, Kenanga Investment Bank Berhad ("**Kenanga IB**") announced the following applications had been submitted to the relevant authorities:

- (i) Bursa Securities for the Proposed Withdrawal of Listing and the Proposed Listing;
- (ii) Equity Compliance Unit of the Securities Commission for the resultant equity structure of the Company pursuant to the Proposed Listing; and
- (iii) Ministry of Investment, Trade and Industry for the Shares to be allocated to Bumiputera investors in relation to the Proposed Issuance.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

- (a) Status of Corporate Proposals (Cont'd)

Approval from authorities in relation to the Proposed Transfer of Listing

Ministry Investment, Trade and Industry ("MITI")

On 10 May 2024, on behalf of the Board, Kenanga IB announced that MITI had, vide its letter dated 9 May 2024:

- (i) agreed with the Proposed Listing; and
- (ii) taken note that the Company shall comply with the Bumiputera Equity Requirement for Public Listed Companies issued by the SC, whereby the Proposed Issuance comprises of 53,750,000 new Shares representing 12.50% of the Company's enlarged issued share capital to be allocated to Bumiputera investors approved by MITI.

Bursa Securities

On 4 July 2024, on behalf of the Board, Kenanga IB announced that Bursa Securities had, vide its letter dated 4 July 2024, resolved the following:

- (i) to approve the Proposed Transfer of Listing and quotation for the entire enlarged issued share capital of SCRB comprising 430,000,000 Shares on the ACE Market of Bursa Securities; and
- (ii) to grant approval-in-principle for registration of the listing prospectus of the Company. In this regard, Kenanga IB is required to provide a confirmation of registration before 12.30 p.m. at least 7 market days prior to the intended date of registration.

Equity Compliance Unit of the Securities Commission ("SC")

On 11 July 2024, on behalf of the Board, Kenanga IB announced that the SC had, vide its letter dated 10 July 2024, approved the resultant equity structure of the Company pursuant to the Proposed Listing under the Bumiputera equity requirements for public listed companies.

Approval from shareholders

On 26 August 2024, the Company had obtained approval from the shareholders on the resolutions for the proposed adoption of a new Constitution to substitute the Company's existing Constitution in its entirety to facilitate the implementation of the Proposed Transfer of Listing ("**Proposed Adoption**") and the proposed allotment of Shares to the eligible persons pursuant to the Proposed Listing ("**Proposed Allotment**") at an EGM.

13. ACCOUNTANTS' REPORT (CONT'D)

SUPREME CONSOLIDATED RESOURCES BHD.

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, Dato Richard Wee Liang Huat @ Richard Wee Liang Chiat and Ting Ing Thai, being two of the directors of Supreme Consolidated Resources Bhd., state that, in the opinion of the directors, the consolidated financial statements set out on pages 4 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group as of 30 September 2021, 2022, 2023 and 30 April 2024 and of their financial performance and cash flows for the financial years/period ended on those date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 October 2024.



**Dato Richard Wee Liang Huat @
Richard Wee Liang Chiat**



Ting Ing Thai

14. STATUTORY AND OTHER GENERAL INFORMATION

14.1 EXTRACT OF OUR CONSTITUTION

Subject to the receipt of the approvals and fulfilment of the conditions as may be imposed by the relevant authorities as set out in Section 2 of this Prospectus, the following provisions relating to the selected matters are reproduced from our Constitution.

The words and expressions appearing in this section shall bear the same meanings used in our Constitution or the context otherwise requires.

Words	Meaning
"Act"	means the Companies Act 2016 and any statutory modification, amendment or re-enactment thereof and any and every other legislation for the time being in force made thereunder and any written law for the time being in force concerning companies and affecting the Company.
"Applicable Laws"	means all laws, bye-laws, regulation, rules, orders and / or official directions for the time being in force affecting or concerning the Company and its subsidiaries, including but not limited to the Act, the SICDA, the Listing Requirements and the Rules and every other law for the time being in force and any other directives or requirements imposed on the Company by the relevant regulatory bodies and / or authorities.
"Central Depository"	means Bursa Malaysia Depository Sdn. Bhd. (Registration No. 198701006854 (165570-W)) or such other names by which it may be known from time to time.
"Clause"	means any provision in this Constitution.
"Company"	means the above-named Company by whatever name from time to time called.
"Constitution"	means this Constitution as originally framed or as altered from time to time by Special Resolution.
"Deposited Security"	means a Security or Securities standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense.
"Depositor"	means a holder of a Securities Account established by the Central Depository.
"Director(s)"	means the Director(s) for the time being of the Company by whatever name called and includes a person in accordance with those directions or instructions the majority Directors are accustomed to act and includes their duly appointed alternate Director.
"Exchange"	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) or such other names by which it may be known from time to time.
"Listing Requirements"	means the ACE Market Listing Requirements of the Exchange including any amendments to the Listing Requirements that may be made from time to time.
"Member(s)"	means any person(s) whose name(s) is / are entered in the Company's Register of Members including Depositors whose names appear on the Record of Depositors except the Central Depository and / or its nominee company in its capacity as a bare trustee.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Words	Meaning
"Office"	means the registered office for the time being of the Company.
"Ordinary Resolution"	means a resolution which has been passed by a simple majority of more than half of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
"Record of Depositors"	means the record provided by the Central Depository to the Company under Chapter 24.0 of the Rules.
"Rules"	means the Rules of the Central Depository including any amendment thereto that may be made time to time.
"Security(ies)"	has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force made thereunder.
"Securities Account"	means an account established by the Central Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
"Share(s)"	means shares in the Company.
"SICDA"	means the Securities Industry (Central Depositories) Act 1991, and every statutory modification, amendment or re-enactment thereof for the time being in force and includes all subsidiary legislations made thereunder.
"Special Resolution"	means a resolution of which a notice of not less than twenty-one (21) days has been given and which has been passed by a majority of not less than seventy-five per centum (75%) of such Members who are entitled to vote and do vote in person, or where proxies are allowed, by proxy.
"Subsidiary"	has the meaning assigned thereto in the Act.

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14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**14.1.1 Changes to share capital and variation of class rights****Clause 7.1 – Types of shares**

The share capital of the Company is its issued share capital. The Shares in the original or any increased capital or any alteration of capital may be divided into several classes and there may be attached thereto respectively any preferred, deferred, qualified or other special rights, privileges, conditions or restrictions whether in regard to dividend, capital, voting or otherwise.

Clause 7.2 – Issue of shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares and subject to the provisions of this Constitution, the Applicable Laws, the Act and the provisions of any resolution of the Company, Shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such Shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of Shares shall comply with the following conditions:

- (a) no Shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in meeting of Members;
- (b) in the case of Shares of a class, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (c) every issue of Shares or options to employees and / or Directors shall be approved by the Members in meeting of Members and such approval shall specifically detail the amount of Shares or options to be issued to such employees and / or Directors; and only Directors holding office in an executive capacity shall participate in such an issue of Shares or options Provided Always that a Director not holding office in an executive capacity may so participate in an issue of Shares pursuant to public offer or a public issue;
- (d) except in the case of an issue of Securities on a pro rata basis to Members or pursuant to a back-to-back placement or dividend reinvestment scheme undertaken in compliance with the Listing Requirements, a Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive of the Company shall not participate, directly or indirectly, in an issue of ordinary Shares or other Securities with rights of conversion to ordinary Shares unless the Members in meeting of Members have approved the specific allotment to be made to the Director major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive and the Director, major shareholders, Chief Executive or person connected to any Director, major shareholder or Chief Executive has abstained from voting on the relevant resolution;

In this Clause, "Major Shareholder", "Chief Executive" and "Person connected to any Director, major shareholder or Chief Executive" shall have the same meaning described thereto in the Listing Requirements.

Clause 7.6 – Renunciation

The Directors may at any time after the allotment of Security but before any person has been entered in the Register of Members as the holder recognise a renunciation of such Security by the allottee in favour of some other person and may accord to any allottee of a Security a right to effect such renunciation on such terms and conditions as the Directors may determine.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)**Clause 7.10 – Issue of securities**

Subject to the Applicable Laws and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must ensure that it shall not issue any Shares or convertible Securities if the total number of those Shares or convertible Securities, when aggregated with the total number of any such Shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per centum (10%) of the total number of the issued Shares of the Company or such other limit as prescribed by the Exchange from time to time, except where the Shares or convertible Securities are issued with the prior approval of the Members in meeting of Members of the precise terms and conditions of the issue. In working out the number of Shares or convertible Securities that may be issued by the Company, if the Security is a convertible security, each such Security is counted as the maximum number of Shares into which it can be converted or exercised.

Clause 15.1 – Company may alter its capital in certain ways

Subject to the Applicable Laws, the Company may from time to time by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing shares;
- (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividends, return of capital, voting or otherwise over the others or any other of such shares;
- (c) cancel Shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (d) convert all or any of its issued Shares into stock and reconvert that stock into paid up Shares; and
- (e) subject to the provisions of this Constitution and the Act, convert and / or re-classify any class of Shares into any other class of Shares.

Clause 16.1 – Increase of share capital

The Company may from time to time, whether all the Shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation of new Shares, such new capital to be of such amount and to be divided into Shares of such respective amounts and (subject to any special rights for the time being attached to any existing class of shares) to carry such preferential, deferred or other special rights (if any) or to be subject to such conditions or restrictions (if any), in regard to dividend, return of capital, voting or otherwise, as the Company by the resolution authorising such increase may direct.

Clause 16.6 – Issue of new Shares to existing Members

Subject to any direction to the contrary that may be given by the Company in meeting of Members, all new Shares or other convertible Securities shall, before issue, be offered to such persons who as at the date of the offer, are entitled to receive notices from the Company of meetings of Members, in proportion, as nearly as circumstances admit, to the amount of the existing Shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of Shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of such time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

the Shares or Securities offered, the Directors may, subject to this Constitution, dispose of those Shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new Shares or Securities which (by reason of the ratio which the new Shares or Securities bear to Shares or Securities held by persons entitled to an offer of new Shares or Securities), cannot, in the opinion of the Directors, be conveniently, offered under this Constitution.

Clause 16.7 – New Share to be original capital unless otherwise provided

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new Shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Clause 17 – Variation of rights

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that class. To every such separate meeting the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply so that the necessary quorum shall be two (2) persons at least holding or representing by proxy at least one-third (1/3) of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll. To every such Special Resolution the provisions of Section 292 of the Act shall apply with such adaptations as are necessary.

14.1.2 Transfer of securities**Clause 11.1 – Transfer in writing and to be left at the Office**

For the purpose of registration of a transfer of Shares that are not Deposited Securities, every instrument of transfer which is executed in accordance with the Applicable Laws, shall be left at the Office, where a share certificate has been issued for the Share to be transferred, the certificate of the Shares and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the Shares, and thereupon the Company shall subject to the powers vested in the Directors by this Constitution register the transferee as the Member within thirty (30) days from receipt of such duly executed and stamped instrument of transfer.

Clause 11.2 – Transfer of Securities

The transfer of any Deposited Security shall be by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of Deposited Security.

Clause 11.3 – Execution

The instrument of transfer of a Share in the Company shall be signed by or on behalf of the transferor and transferee provided that subject to compliance with the SICDA and the Rules, an instrument of transfer in respect of which the transferee is Central Depository shall be effective although not signed by or on behalf of the Central Depository if it has been certified by an authorised depository agent pursuant to Section 18 of the SICDA. Subject to the Applicable Laws, the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 11.4 – Prohibited transfer

Subject to this Constitution, the Rules and except as may be required by the Applicable Laws, there should be no restriction on the transfer of fully paid up Securities in the Company. However, no Securities shall, in any circumstances, be transferred to any infant, bankrupt or person of unsound mind.

Clause 11.5 – Directors may refuse registration of transfer

Subject to the provisions of the Act, the SICDA, the Listing Requirements and the Rules, the Directors may, in their discretion and without assigning any reason therefor, refuse to register, the transfer of any Share, not being a fully paid share, and whether or not the Company claims lien on the same.

Clause 11.7 – Limitation of liability

Neither the Company nor the Directors nor any of its officers shall incur any liability for authorising or causing the registering or acting upon a transfer of Securities apparently made by sufficient parties, although the same may by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the securities proposed or professed to be transferred, and although transferred, the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that, the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the Securities transferred, or otherwise in defective manner. In every such case, the person registered as the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such securities and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

14.1.3 Remuneration of Directors

Clause 21.4 – Remuneration

The Directors shall be paid by way of remuneration for their services such fixed sum as shall from time to time be determined by the Company in meeting of Members, and such remuneration shall be divided among the Directors in such proportions and manner as the Directors may determine PROVIDED ALWAYS that:

- (a) fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in general meeting;
- (b) remuneration and other emoluments (including bonus, benefits or any other emoluments) payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors and any benefits payable to Directors shall be subject to annual approval by an Ordinary Resolution at a meeting of Members;
- (d) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (e) the fees and / or benefits payable to non-executive Directors who is also Director of the subsidiary(ies) includes fees, meeting allowances, travelling allowances, benefits, gratuity and compensation for loss of employment of Director or former Director of the Company provided by the Company and subsidiary(ies), but does not include insurance premium or any issue of Securities.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 22.3 – Remuneration of Managing Director

The remuneration of a Managing Director shall be fixed by the Directors, and may be by way of fixed salary or commission or participation in profits or by any or all of those modes, but shall not include a commission on or percentage of turnover but it may be a term of his appointment that he shall receive pension, gratuity or other benefits upon his retirement.

Clause 23.4 – Director's pensions

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director or former Director who has held any other salaried office or place of profit with the Company or to his widow or dependents or relations or connections and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Clause 23.5 – Power to maintain pension fund

The Directors may procure the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund or life assurance scheme for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is a subsidiary of the Company or of the predecessors in business of the Company or any such subsidiary company, or the wives, widows, families or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription and support to any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or of its Members and payment towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

14.1.4 Voting and borrowing powers of our Directors**Clause 19.2 – Quorum**

No business shall be transacted at any meeting of Members unless a quorum is present at the time when the meeting proceeds to business. Save as herein otherwise provided, two (2) Members present in person or by proxy shall be a quorum. For the purpose of this Constitution, "Member" includes a person attending as a proxy or representing a corporation which is a Member.

Clause 19.3 – Proceeding of quorum not present meeting adjourned or dissolved

If within half (1/2) an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week (or if that day be a public holiday, then to the next business day following such public holiday), at the same time and place or to such other day and at such other time and place as the Directors may determine, but if a quorum is not present within half (1/2) an hour from the time appointed for holding the adjourned meeting, the Members present shall be a quorum and may transact the business of which the adjourned meeting was called.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Clause 19.6 – Voting by show of hands

On a resolution to be decided on show of hand, a Member who is personally present or by proxy or attorney or by a duly authorised representative and entitled to vote, or a holder of preference shares or proxy or attorney or by a duly authorised representative shall be entitled to one (1) vote.

Clause 19.8 – Voting by poll

- (a) Subject to any express requirements under the Listing Requirements, any resolution set out in the notice of any meeting of Members, or in any notice of resolution which may properly be moved and is intended to be moved at any meeting of Members, shall be voted by poll. A poll shall be taken in such manner and either forthwith or after an interval or adjournment or otherwise as the chairman directs and the result of the poll shall be the resolution of the meeting at which the poll was taken, but a poll demanded on the election of chairman or on a question of adjournment shall be taken immediately.
- (b) On a poll, votes may be given either personally or by proxy. A proxy shall be any person appointed by a Member and who shall not necessarily be a Member and such proxy shall be entitled to vote on a poll provided he is the only proxy appointed by the Member. Where a Member entitled to vote on a resolution has appointed more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise, the appointment shall not be valid.

Clause 20.1 – Chairman's casting vote

In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote in addition to the votes to which he may be entitled as a Member.

Clause 20.2 – Voting rights

Subject to Clause 18(7) of this Constitution and to any rights or restrictions for the time being attached to any Shares or classes of Shares, at meetings of Members or classes of Members, each Member entitled to present and to vote in respect of any Share or Shares upon which all calls due to the Company have been paid, either in person or by proxy or attorney or any other duly authorised representative. On a resolution to be decided by a poll, every Member voting in person or by proxy or attorney or any duly authorised representative shall have one (1) vote for each share he holds.

Clause 23.2 – Directors' borrowing powers

- (a) Subject to Applicable Laws, the Directors may from time to time at their discretion raise or borrow such sums of money as they think proper and may secure the repayment of such sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage or guarantee, charge or security on the undertaking of the whole or any part of the property of the Company (both present and future), including its uncalled capital for the time being and borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any subsidiary, associated or other companies or persons. Provided that the Directors shall not issue any debt securities convertible to ordinary shares without the prior approval of the Company in meeting of members.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (b) Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of Shares, attending and voting at meeting of members of the Company, appointment of Directors and otherwise.
- (c) If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company in its ordinary course of business, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.
- (d) The Directors shall cause a proper register to be kept in accordance with Section 362 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 352 of the Act as regards the registration of mortgages and charges therein specified or otherwise.

14.2 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the LPD, our Company has only 1 class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Section 6.5 of this Prospectus, no shares, stocks or debentures of our Company have been issued or proposed to be issued as fully or partly paid-up in cash or otherwise, within the 2 years immediately preceding the date of this Prospectus.
- (iv) None of the share capital of our Group is under option, or agreed conditionally or unconditionally to be put under option as at the date of this Prospectus.
- (v) Save for the IPO Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.3.1(ii) of this Prospectus and subject to our Listing, there is currently no other scheme involving our directors and employees in the share capital of our Group.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding warrants, options, convertible securities or uncalled capital.
- (vii) Save as disclosed in this Prospectus, and save as provided for under our Constitution and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our Subsidiaries or upon the declaration or payment of any dividend or distribution thereon.

14.3 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND / OR EXERCISE VOTING RIGHTS

Save as disclosed in Section 14.4 below, there is no limitation on the right to own our Shares including any limitation on the right of a non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by Malaysian law or by our Constitution.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

14.4 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date is fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a Depositor by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares shall be deemed to be our shareholder and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

14.5 MATERIAL CONTRACTS

Save as disclosed below, our Group has not entered into any material contract which is not in the ordinary course of our Group's business within the Financial Years Under Review and up to the date of this Prospectus:

- (i) Supplementary Agreement (III) dated 29 September 2022 ("**Third Supplementary Agreement**") entered into between EPT Sdn Bhd ("**EPT**") and SCS, to further vary the terms of the Sale and Purchase Agreement dated 31 March 2018 ("**Principal SPA**") for the sale of a parcel of land with a double storey semi-detached industrial building erected thereon known as Lot 8276 Section 64 Kuching Town Land District ("**Lot 8276**") and the sole rights to product brands of Ramly, Hiestand, Makcik and Daily Fresh Farm, all by EPT to SCS at the consideration sum of RM1,400,000.00 consisting of RM820,000.00 for Lot 8276, RM300,000.00 for the cold room and RM280,000.00 for the rights to the said product brands.

Under the Principal SPA, the completion of the sale and transfer of Lot 8276 was subject to EPT obtaining approval of all unauthorised extensions carried out to the building from the relevant authorities within 6 months from the date of the Principal SPA ("**Conditional Period**"). By a letter dated 30 September 2018, the Conditional Period was extended to expire on 29 September 2019 to enable EPT to demolish and remove all the unauthorised extensions and thereafter to obtain the necessary approval from the relevant authorities. A further extension from 29 September 2019 until 30 September 2020 was given to EPT pursuant to a Supplemental Agreement (I) dated 27 September 2019 entered into between EPT and SCS. Subsequently, by a Supplemental Agreement (II) dated 29 September 2020 entered into by the same parties, another extension of 24 months from 30 September 2020 until 30 September 2022 was given to EPT.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

Under the Third Supplementary Agreement, SCS agreed to waive the condition imposed on EPT to demolish and remove all unauthorised extensions and to obtain the necessary approval from the relevant authorities after such removal, in order to proceed with the completion of the transaction under the Principal SPA and the transfer of legal ownership of Lot 8276 to SCS. However, it remains an obligation on the part of EPT to demolish and remove all the unauthorised extensions and thereafter to obtain the necessary approval from the relevant authorities at EPT's costs ("**Remaining obligation under the Principal SPA**"), within the period from 30 September 2022 until 29 September 2023.

With the extension granted by SCS to EPT pursuant to the Third Supplementary Agreement, the legal ownership of Lot 8276 was transferred to SCS on 23 March 2023.

By a letter dated 5 September 2023, SCS agreed to discharge and release EPT from its Remaining obligation under the Principal SPA, in view that SCS has entered into an agreement to dispose of Lot 8276 at its present state and condition, to MESB (as disclosed in sub-paragraph (iv) below).

As at the LPD, the sale and transfer of legal ownership of Lot 8276 to SCS has been completed and there are no other obligations on the part of EPT or SCS under the Principal SPA which are outstanding.

- (iii) Agreement for Shares dated 11 May 2023 entered into between Lim Ah Ted as the vendor and the Company as the purchaser, for the disposal of all the 100 ordinary shares in Supreme Trading ("**Supreme Trading Shares**") by Lim Ah Ted representing the entire issued share capital in Supreme Trading, to our Company at the total consideration sum of RM1,000.00.

This Agreement for Shares is conditional upon our Company obtaining the approval of our Board and our shareholders for the purchase of the Supreme Trading Shares, and upon our Company's satisfaction of the results of the legal and financial due diligence review of Supreme Trading, and upon obtaining any other approvals, consents or permissions from any regulatory authority or third party as required.

Under the Agreement for Shares, Lim Ah Ted shall procure Supreme Trading to repay the outstanding advances of RM147,824.58 (as at the date of this Agreement for Shares) due and owing to the existing directors of Supreme Trading within 3 months from the completion date of the Agreement for Shares. It is also agreed between Lim Ah Ted and our Company that Lim Ah Ted shall remain as a director of Supreme Trading after the completion of the transaction contemplated by the Agreement for Shares.

As at the LPD, this Agreement for Shares has been completed, and our Company is now the holding company of Supreme Trading and the outstanding advances have been repaid in full to the existing directors of Supreme Trading (at the time of entry into this Agreement).

- (iv) Sale and Purchase Agreement dated 23 June 2023 entered into between SCS and Sim Chin Kheng, for SCS to sell and the said Sim Chin Kheng to purchase Lot 8276, at the consideration sum of RM920,000.00 comprising RM820,000.00 for Lot 8276, and RM100,000.00 for the cold room at Lot 8276. Subsequently, pursuant to a Deed of Revocation of Agreement dated 18 August 2023, SCS and the said Sim Chin Kheng had mutually revoked this Agreement and discharged each other from the performance of the terms of this Agreement, with neither party having any further claims or rights against the other.

As at the LPD, this Agreement is no longer subsisting, but has been revoked.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

- (v) Sale and Purchase Agreement dated 5 September 2023 entered into between SCS and Mainline Enterprise Sdn Bhd (“**MESB**”), for SCS to sell and MESB to purchase, Lot 8276 at its present state and condition which MESB has inspected, at the consideration sum of RM900,000.00.

This Agreement is subject to the special condition of SCS removing, uninstalling, dismantling and / or disposing items belonging to SCS which are kept at Lot 8276 such as container, freezers and compressors, before SCS hands over vacant possession of Lot 8276 to MESB.

MESB is given 2 months from 5 September 2023 to settle the balance consideration sum, with a grace period of 1 month which shall be subject to a simple interest of 5% per annum on the outstanding balance consideration sum until full settlement thereof. The legal ownership of Lot 8276 was transferred by SCS to MESB on 31 October 2023, and MESB has fully settled the consideration sum to SCS.

As at the LPD, this Agreement has been completed.

- (vi) the Underwriting Agreement.

14.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, neither our Company nor our Subsidiaries are engaged in any governmental, legal, claims or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings, whether as plaintiff or defendant or as a third party which may have or have had, material or significant effects on our financial position or profitability in the 12 months immediately preceding the date of this Prospectus.

14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT

There are no governmental laws, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to our Group.

14.8 PUBLIC TAKE-OVERS

During the last financial year and the current financial year, there were no:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by our Group in respect of other companies' securities.

14.9 LETTERS OF CONSENT

The written consents of our Principal Adviser, Underwriter, Placement Agent, Company Secretary, Solicitors, Share Registrar and Issuing House listed in the Corporate Directory of this Prospectus for the inclusion of their names and all references thereto in the form and context in which such names appear in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

The written consent of our Auditors and Reporting Accountants for the inclusion of its name, the Accountants' Report and the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position, and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14. STATUTORY AND OTHER GENERAL INFORMATION (CONT'D)

The written consent of our Independent Market Researcher for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus have been given before the issuance of this Prospectus and have not subsequently been withdrawn.

14.10 RESPONSIBILITY STATEMENT

- (i) Our Directors and Promoters have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.
- (ii) Kenanga IB as the Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

14.11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our head office during normal business hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report prepared by the IMR as included in Section 8 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Compilation of Pro Forma Consolidated Statement of Financial Position as included in Section 12.16 of this Prospectus;
- (iv) the Accountants' Report as included in Section 13 of this Prospectus;
- (v) our material contracts as referred to in Sections 7.19 and 14.5 of this Prospectus;
- (vi) the letters of consent as referred to in Section 14.9 of this Prospectus;
- (vii) the audited financial statements of SCRB and our subsidiaries for the Financial Years Under Review; and
- (viii) the audited financial statements of SCRB for the FPE 2024.

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15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT MALAYSIAN ISSUING HOUSE SDN BHD, FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATION

OPENING OF THE APPLICATION PERIOD : 10.00 A.M., 28 OCTOBER 2024

CLOSING OF THE APPLICATION PERIOD : 5.00 P.M., 15 NOVEMBER 2024

Applications for the IPO Shares will be open and close at the dates stated above.

In the event of any change to the dates stated above, we will advertise the notice of changes in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

Late Applications will not be accepted.

15.2 METHODS OF APPLICATION

15.2.1 Application for our IPO Shares by the Malaysian Public and the Eligible Persons

Application must accord with this Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Types of Application and category of investors</u>	<u>Application Method</u>
(i) Applications by the Malaysian Public:	
(a) Individuals	WHITE Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	WHITE Application Form only
(ii) Applications by the Eligible Persons	PINK Application Form only

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

15.2.2 Application by selected investors via private placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
(a) Selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(b) Bumiputera investors approved by the MITI	MITI will contact the Bumiputera Investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 ELIGIBILITY

15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST ONE HUNDRED (100) IPO SHARES OR MULTIPLES OF ONE HUNDRED (100) IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000.00 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

AN APPLICANT WHO WISHES TO SUBMIT APPLICATIONS USING A JOINT BANK ACCOUNT MUST CONTACT THE FINANCIAL INSTITUTION HANDLING THE APPLICATIONS TO ENSURE THAT THE NAME ON THE JOINT BANK ACCOUNT MATCHES THE NAME ON THEIR CDS ACCOUNT. THIS STEP MINIMISES THE RISK OF REJECTION OF IPO APPLICATIONS DUE TO NAME DISCREPANCIES. OUR COMPANY, THE PRINCIPAL ADVISER AND THE ISSUING HOUSE ARE NOT RESPONSIBLE FOR ANY ISSUES ARISING THEREAFTER.

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

15.3.2 Applications by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least eighteen (18) years old as at the date of the application for our IPO Shares with a Malaysian address; or
 - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of Malaysian Issuing House Sdn Bhd or an immediate family member of a director or employee of Malaysian Issuing House Sdn Bhd; and
- (iii) You must submit Applications by using only 1 of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

15.3.3 Application by the Eligible Persons

The Eligible Persons will be provided with **PINK** Application Forms and letters from us detailing their respective allocation. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

The Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Malaysian Issuing House Sdn Bhd, Kenanga IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.25 for each IPO Share.

Payment must be made out in favour of "**MIH SHARE ISSUE ACCOUNT NO 656**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

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

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one (1) of the following methods:

- (i) despatch by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd
(Registration No. 199301003608 (258345-X))

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

or

P.O. Box 00010
Pejabat Pos Jalan Sultan
46700 Petaling Jaya
Selangor Darul Ehsan

- (ii) or **DELIVER BY HAND AND DEPOSIT** in the Drop-in Boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5:00 p.m. on 15 November 2024.

We, together with Malaysian Issuing House Sdn Bhd, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Forms to Malaysian Issuing House Sdn Bhd.

The abovementioned methods are not applicable to the submission of Pink Application Forms. All duly completed Pink Application Forms should be submitted to our Group through the Human Resources or Finance Department.

15.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

15.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia

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

Berhad, CGS International Securities Malaysia Sdn Bhd (formerly known as CGS-CIMB Securities Sdn Bhd), Malacca Securities Sdn Bhd, Malayan Banking Berhad, Moomoo Securities Malaysia Sdn Bhd and Public Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (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.

15.7 AUTHORITY OF OUR BOARD AND MALAYSIAN ISSUING HOUSE SDN BHD

Malaysian Issuing House Sdn Bhd on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 of this Prospectus.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of Malaysian Issuing House Sdn Bhd at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER / UNDER-SUBSCRIPTION

In the event of over-subscription, Malaysian Issuing House Sdn Bhd will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of Shares and the balloting results in connection therewith will be furnished by the Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on the Issuing House's website at www.mih.com.my within one market day after the balloting date.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event this requirement is not met, we may not be allowed to proceed with

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

our Listing. In the event thereof, monies paid in respect of all the Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or Eligible Persons, subject to the underwriting arrangements and reallocation as set out in Section 4.3.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful / partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by Malaysian Issuing House Sdn Bhd as per items (i) and (ii) above (as the case may be).
- (iv) Malaysian Issuing House Sdn Bhd reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications

- (i) Malaysian Issuing House Sdn Bhd shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.
- (ii) You may check your account on the 5th Market Day from the balloting date.

15. 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 Malaysian Issuing House Sdn Bhd, by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from Malaysian Issuing House Sdn Bhd.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) our IPO Shares allotted to you will be credited into your CDS account;
- (ii) a notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application;
- (iii) in accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository; and
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Malaysian Issuing House Sdn Bhd at telephone no. +603-7890 4700.
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application at the Issuing House's website at www.mih.com.my, by entering your CDS Account Number on the site on the allotment date. The status of your Application will be available by 3:00 PM. Alternatively, you may contact any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the Electronic Prospectus on the website of Bursa Securities.