SWANG CHAI CHUAN LIMITED
雙 財 莊 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2321

GLOBAL OFFERING

Sole Sponsor

SUNNY FORTUNE

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

SUNNY FORTUNE

千里碩 ELSTONE

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Swang Chai Chuan Limited
雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	:	241,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	24,100,000 Shares (subject to re-allocation)
Number of International Placing Shares	:	216,900,000 Shares (subject to re-allocation and the Over-allotment Option)
Offer Price	:	Not more than HK$0.56 per Offer Share and expected to be not less than HK$0.52 per Offer Share (payable in full on application in Hong Kong Dollars, subject to refund on final pricing, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%)
Nominal Value	:	HK$0.01 per Share
Stock Code	:	2321

Sole Sponsor

SUNNY FORTUNE

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

SUNNY FORTUNE

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Joint Bookrunners and Joint Lead Managers

交銀國際 BOCOM International

中國銀河國際 CHINA GALAXY INTERNATIONAL

民銀資本 CMBC CAPITAL HOLDINGS LIMITED

海通國際 HAITONG

輝立証券集團 Phillip Securities Group

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, 11 August 2022 and, in any event, not later than Friday, 12 August 2022. The Offer Price will be no more than HK$0.56 per Offer Share and is currently expected to be no less than HK$0.52 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Friday, 12 August 2022 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with our Company's consent, reduce the number of Offer Shares under the Global Offering and/or the Offer Price stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of reduction in the number of Offer Shares and/or the Offer Price will be published on the website of the Stock Exchange at **www.hkexnews.hk** and website of our Company at **www.sccgroup.com.my** as soon as is practicable but in any event not later than the Price Determination Date. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or transferred, except pursuant to the exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable United States securities laws. The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulations S.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including risk factors set out in the section "Risk factors". Pursuant to the Hong Kong Underwriting Agreement, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the right in certain circumstances to terminate the obligations of the Hong Kong Underwriter at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section "Underwriting – Underwriting arrangements and expenses – The Hong Kong Public Offering – Grounds for termination".

ATTENTION

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus or printed copies of any application forms to the public in relation to the Hong Kong Public Offering. This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk and our website at www.sccgroup.com.my. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

8 August 2022

Your application must be for a minimum of 5,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
5,000	2,828.22	50,000	28,282.20	500,000	282,821.98	5,000,000	2,828,219.80
10,000	5,656.44	60,000	33,938.64	600,000	339,386.37	6,000,000	3,393,863.76
15,000	8,484.66	70,000	39,595.08	700,000	395,950.77	7,000,000	3,959,507.72
20,000	11,312.88	80,000	45,251.52	800,000	452,515.17	8,000,000	4,525,151.68
25,000	14,141.10	90,000	50,907.96	900,000	509,079.57	9,000,000	5,090,795.64
30,000	16,969.32	100,000	56,564.39	1,000,000	565,643.96	10,000,000	5,656,439.60
35,000	19,797.54	200,000	113,128.79	2,000,000	1,131,287.92	12,050,000(1)	6,816,009.72
40,000	22,625.75	300,000	169,693.19	3,000,000	1,696,931.88		
45,000	25,453.98	400,000	226,257.59	4,000,000	2,262,575.84		

Note:

1 Maximum number of Hong Kong Offer Shares you may apply for.

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

*If there is any change in the following expected timetable, the Company will issue an announcement on the respective website of the Company at **www.sccgroup.com.my** and the website of the Stock Exchange at **www.hkexnews.hk**.*

Hong Kong Public Offering commences from . . . . 9:00 a.m. on Monday, 8 August 2022

Latest time for completing electronic applications under **HK eIPO White Form** service through one of the below ways(2):

(1) the **IPO App**, which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**

(2) the designated website **www.hkeipo.hk** . . . . 11:30 a.m. on Thursday, 11 August 2022

Application lists open(3) . . . . 11:45 a.m. on Thursday, 11 August 2022

Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)(2) . . . . 12:00 noon on Thursday, 11 August 2022

Latest time to give **electronic application instructions** to HKSCC(4) . . . . 12:00 noon on Thursday, 11 August 2022

Application lists close(3) . . . . 12:00 noon on Thursday, 11 August 2022

Expected Price Determination Date(5) . . . . Thursday, 11 August 2022

(a) Announcement of the final Offer Price, the indication of level of interest in the International Placing, the results of applications in the Hong Kong Public Offering and the basis of allocation under the Hong Kong Public Offering to be published on the website of our Company at **www.sccgroup.com.my**; and on the website of the Stock Exchange at **www.hkexnews.hk** on or before(6) . . . . Thursday, 18 August 2022

(b) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – 11. Publication of results" in this prospectus from . . . . .Thursday, 18 August 2022

A full announcement of the Hong Kong Public Offering containing (a) and (b) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**(6) and our Company's website at **www.sccgroup.com.my**(7) . . . . .Thursday, 18 August 2022

Results of allocations in the Hong Kong Public Offering will be available at "IPO Results" in the **IPO App** or at **www.tricor.com.hk/ipo/result** (alternatively, **www.hkeipo.hk/IPOResult**) with a "search by ID function" on . . . . .Thursday, 18 August 2022

Despatch/collection of share certificates of the Hong Kong Offer Shares or deposit of share certificates of the Hong Kong Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before(8) . . . . .Thursday, 18 August 2022

Despatch/collection of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before(9)(10) . . . . .Thursday, 18 August 2022

Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . .Friday, 19 August 2022

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated.

2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** or the **IPO App** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m. you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 11 August 2022, the application lists will not open and close on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares – 10. Effect of bad weather and/or extreme conditions on the opening of the application lists" in this prospectus. If the application lists do not open and close on Thursday, 11 August 2022, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.

4. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – 6. Applying through **CCASS EIPO** Service" in this prospectus.

5. The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Thursday, 11 August 2022 and in any event, not later than Friday, 12 August 2022. If, for any reason, the final Offer Price is not agreed by 6:00 p.m. on Friday, 12 August 2022 between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

6. The announcement will be available for viewing on the "Main Board – Allotment of Results" page on the website of the Stock Exchange at **www.hkexnews.hk**.

7. None of the information contained on any website forms part of this prospectus.

8. Share certificates for the Global Offering will only become valid evidence of title at 8:00 a.m. on Friday, 19 August 2022 provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

9. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through single bank account may have refund monies (if any) dispatched to the bank account, in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions, in the form of refund cheques, by ordinary post at their own risk.

10. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an established distributor of F&B and other products for recognised international and domestic Third-Party Brands, and under our Own Brands with substantial scale in Peninsular Malaysia taking into account: (i) our extensive geographical coverage and sales network attributed to our self-operated warehouses and logistics operation across Peninsular Malaysia, complemented by the warehouse and logistics service of our external service providers in the regions not covered by our self-operated warehouses, which in aggregate cover most parts of Peninsular Malaysia and enables us to distribute and sell our products widely and efficiently; (ii) our substantial warehousing capability with an aggregate designated storage capacity of approximately 25,600 CBM as at 30 April 2022, of which approximately 4,550 CBM are equipped with cold facilities that provide optimal storage condition and temperature to maintain the quality of our products; (iii) our substantial logistics infrastructure with a fleet of over 140 logistics vehicles, of which approximately 100 are refrigerated vehicles; (iv) our ability to obtain distributorships and maintain long-term business relationships with recognised international and domestic brands which normally have a preference for sizeable distributors; (v) our substantial and diverse customer base of more than 11,000 active customers (customers that have placed purchase order(s) with us in a particular financial year or period) which shows a consistent demand for our products and services; and (vi) the wide range of products offered by us with more than 4,000 SKUs across nine core categories during the Track Record Period, as elaborated below.

We serve a wide group of retail chains and channels in Peninsular Malaysia ranging from hypermarkets and supermarkets, provision shops, convenience stores and kiosks, hotels, restaurants, café, bars, school canteens, bakery ingredients shops, F&B dealers and merchandisers, etc. We have a diverse product assortment with over 4,000 SKUs across nine core product categories spanning dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages, specialty products, personal and baby care products, pet care products, cleaning and kitchen supplies, covering over 200 international and domestic Third-Party Brands together with our Own Brands. In addition, we also provide our suppliers with warehousing, logistics, sales and marketing support and other value-added services upon the request of our suppliers to allow them to benefit from our broad industry knowledge and expertise and to ensure an efficient and cost-effective distribution flow of their products.

Our F&B and other products cover more than 200 international and domestic Third-Party Brands originated in different countries such as the United Kingdom, New Zealand, the United States, Malaysia, Japan and China. Examples of the recognised Third-Party Brands we distributed during the Track Record Period included *Oreo* OREO, *Cadbury* Cadbury, *Ajinomoto* AJI-NO-MOTO, a British international ice-cream frozen dessert brand, and a New Zealand international dairy product brand. Leveraging our substantial experience accumulated from long years of operations and collaboration with recognised international F&B brands, we have tapped into the sales of products under our major proprietary Own Brands, mainly including *CED* CED, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT for honey, sugar, salt, frozen seafood, frozen meat, and pet care products, etc., which are available in supermarkets, hypermarkets and convenience stores and kiosks in Peninsular Malaysia.

We also operate an extensive distribution platform offering integrated and efficient end-to-end logistics solutions. Headquartered in Kuantan of Malaysia, we had 12 warehouses as at 30 April 2022 strategically set up around our customers across all our key sales regions of Peninsular Malaysia supported by cold chain facilities with designated cold storage capacity of approximately 4,550 CBM as well as our own logistics vehicles including a majority of refrigerated vehicles. Our extensive distribution platform with temperature-controlled warehousing and logistics facilities is our valuable asset and cornerstone of our business, ensuring that goods are stored and handled at the right temperature throughout the whole logistics process in order to maintain the quality of our F&B products and to reduce wastage due to spoilage, particularly for the product categories of ice-cream and other dairy products as well as frozen food.

OUR BUSINESS

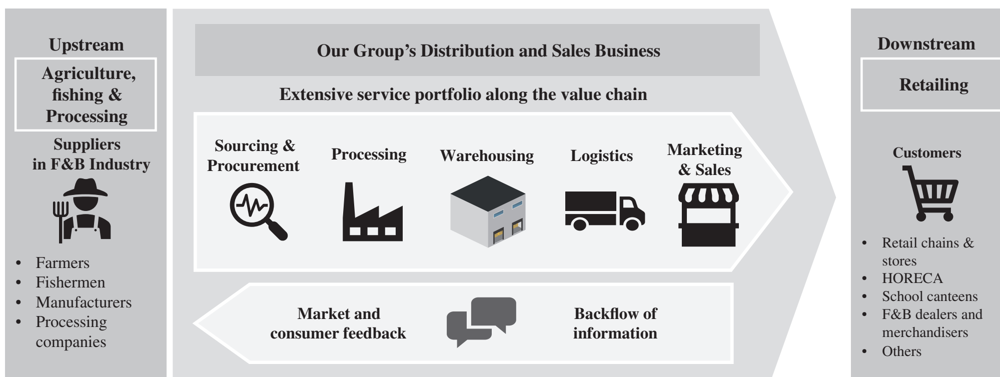
Our Business Model

Our business partners are either our suppliers or customers, depending on their position in the F&B value chain and the services we provide to them. Our business model is centered on our role as the key link between suppliers and customers. We help our partners in growing and adding value to their business and enable them to achieve business success.

We are strategically focused on distributing F&B and other products to both established international and local retail chains in Malaysia along the rapid shift from traditional markets towards hypermarkets, supermarkets, and convenience stores in Malaysia. In particular, retail chains which have been expanding their network of retail stores in different locations in Malaysia prefer to purchase a wider selection of products from distributors like our Group in huge quantities and great varieties and require frequent replenishment. We in turn purchase products in bulk from our upstream suppliers, and hence, we are able to achieve economies of scale from our purchases and pass any discount granted to us onto our customers. We also cater to the rapidly growing hospitality industry in Malaysia and supply our F&B to hotels, restaurants, cafes ("**HORECA**"). In addition, our procurement capabilities and scalable distribution platform allow us to provide our customers with a comprehensive portfolio of products, brands and services at competitive prices.

We provide supports to our suppliers of international and domestic branded products in terms of marketing, sales and distribution of their F&B products and other supply chain solutions, enabling their products to reach out to a large and diverse base of retail stores and channels mainly across Peninsular Malaysia. We also provide them with comprehensive and tailored services across the region. Leveraging our substantial market presence, our suppliers can capitalise on the competitive commercial terms and conditions made available by us to grow their business in new or existing markets.

The following diagram sets forth our business model in the F&B value chain:



Our Business

We offer a wide range of services that are classified into two segments, namely distribution and sales, and logistics and other services.

Distribution and Sales business:

Our distribution and sales business is our core business which can be further categorised into two major sub-segments of Third-Party Brand Distribution and Our Own-Product Sales.

– *Third-Party Brand Distribution*

In conducting our distribution and sales business for Third-Party Brand Products, we may enter into distribution agreements with brand owners or distributors of both recognised international and domestic brands and pursuant to which, we are typically granted the right, which is mainly on a non-exclusive basis, to, distribute and sell their Third-Party Brand Products to customers in a designated territory with provision of marketing and other sales support services. As at 30 April 2022, there were over 30 distribution agreements in force covering more than 100 Third-Party Brand Products. In addition, we also source and procure Third-Party Brand Products in pallets and in bulk from our upstream suppliers, without entering into any distribution agreement with these suppliers for onward wholesale to our customers in smaller portions, who would resell the products onwards to retailers or their other customers.

– *Our Own-Products Sales*

By leveraging our insights into consumers' consumption preference, we have developed product lines under our proprietary Own Brands, including *CED*, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT for specialty products, salt, frozen seafood, frozen meat, and pet care products, etc. for which, in our Directors' opinion, demand is strong and command lucrative margins. On the other hand, we also launched frozen seafood and frozen meat on a white-label basis, particularly to hypermarkets and supermarkets during the Track Record Period, which prefer low-cost, large-scale reliable suppliers to fulfill their needs. We are also able to pursue sales growth by opening up cross-selling opportunities for our Own Products. Our Own Products typically generate higher gross profit than similar Third-Party Brand Products.

Logistics and other services:

With an aim to offer integrated F&B supply chain solutions, we offer logistics warehousing services for both our customers and suppliers. We also provide marketing and sale support services to them based on our knowledge and market insights so as to boost sales in their existing markets, enhance efficiency and margins, or expand into new markets.

The following table sets forth a breakdown of our revenue and gross profit margin by segment, for the years indicated:

	FY2019			FY2020			FY2021			4M2021			4M2022		
	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin	Revenue		Gross profit margin
	RM'000	%	%	*RM'000*	%	%	*RM'000*	%	%	*RM'000*	%	%	*RM'000*	%	%
Distribution and Sales															
– Third-Party Brands	398,772	80.2	11.0	447,283	79.2	11.2	532,631	79.6	10.9	171,140	78.9	12.5	211,846	79.4	11.4
– Own Products	92,476	18.6	20.9	106,096	18.8	22.3	125,533	18.8	23.8	42,850	19.7	22.2	51,877	19.5	23.9
Sub-total	491,248	98.8	12.9	553,379	98.0	13.3	658,164	98.4	13.4	213,990	98.6	14.5	263,723	98.9	13.8
Logistics and other services	6,187	1.2	46.0	11,253	2.0	54.3	10,574	1.6	61.6	3,065	1.4	61.7	2,929	1.1	77.8
Total/overall	497,435	100.0	13.3	564,632	100.0	14.1	668,738	100.0	14.1	217,055	100.0	15.1	266,652	100.0	14.5

Our revenue increased by approximately 13.5% from approximately RM497.4 million for FY2019 to approximately RM564.6 million for FY2020. Such increase was mainly attributable to the combined effect of the increase in the revenue from Third-Party Brand Distribution of approximately RM48.5 million which mainly consisted of the increase in dairy products, packaged food and non-F&B products of approximately RM16.3 million, RM9.3 million and RM13.0 million, respectively and the increase in the revenue from the Own Products of approximately RM13.6 million which mainly consisted of the increase in specialty products, dairy products, pet care products and frozen food of approximately of RM6.4 million, RM2.6 million, RM2.5 million and RM2.3 million, respectively resulting from increase in demand of dairy products, specialty food and pet care products during the pandemic period and our enhanced effort in marketing our Own Products during FY2020. Our revenue increased by approximately 18.4% from approximately RM564.6 million for FY2020 to approximately RM668.7 million for FY2021. Such increase was mainly attributable to the combined effect of the increase in the revenue from Third-Party Brand Distribution of approximately RM85.3 million which mainly consisted of the increase in dairy products, packaged food, beverages and frozen food products of approximately RM17.9 million, RM15.9 million, RM22.5 million and RM10.7 million, respectively and the increase in the revenue from the Own Products of approximately RM19.4 million which mainly consisted of the increase in specialty products and frozen food of approximately of RM11.9 million and RM5.2 million, respectively resulting from increase in demand of specialty food and pet care products during the MCO and our enhanced effort in marketing our Own Products during FY2021. Our revenue increased by approximately 22.8% from approximately RM217.1 million for 4M2021 to approximately RM266.7 million for 4M2022. Such increase was mainly attributable to the combined effect of the increase in the revenue from Third-Party Brand Distribution of approximately RM40.7 million which mainly consisted of the increase in distribution of sauce, oil and condiments, beverages, packaged food and commodities and dairy products of approximately RM10.4 million, RM7.8 million, RM7.2 million and RM7.2 million, respectively and the increase in the revenue generated from the Own Products of approximately RM9.0 million which mainly consisted of the increase in frozen food and specialty products of approximately of RM5.9 million and RM1.8 million, respectively.

The gross profit margin of Third-Party Brand Products increased 0.2% from 11.0% in FY2019 to 11.2% in FY2020 mainly attributable to improvement in gross profit margins of frozen food and beverage during FY2020.

The gross profit margin of Own Products recorded an increase from 20.9% for FY2019 to 23.8% for FY2021 mainly resulting from the increase in revenue from specialty products under *CED* of approximately RM18.3 million from FY2019 to FY2021 with a high margin of 36.0% for both FY2020 and FY2021. The gross profit margin of White Label products decreased by 1.9% in FY2020 from approximately 18.0% for FY2019 primarily due to shrinkage of activities of school canteens during the implementation of movement control orders in FY2020 which led to a drop of gross profit margin of White Label products sold to school canteens from 29.6% for FY2019 to 25.6% for FY2020. Our gross profit for FY2021 recorded a growth of 18.6% compared with FY2020 while the gross profit margin was kept at 14.1% for FY2020 and FY2021. On the other hand, the gross profit of our distribution and sales business for 4M2022 recorded a growth of approximately 17.9% compared with 4M2021 while the gross profit margin of distribution and sales business decreased from approximately 14.5% for 4M2021 to 13.8% for 4M2022 mainly attributable to the decrease of gross profit margin of Third-Party Brand Products from 12.5% for 4M2021 to 11.4% for 4M2022. Amid the Third-Party Brands, one brand of ice-cream product under dairy category contributed 0.5% decrease in gross profit margin of Third-Party Brand Products. Since the sales of our Own Products involves fewer intermediaries (such as third-party brand owners, wholesalers and distributors) in the supply chain and our Group also undertakes the processing of some of our Own Products, coupled with our greater flexibility and autonomy in pricing of our Own Products, our Own Products generally have a higher gross profit margin than our Third-Party Brand Products.

In respect of our pricing policy, our Group has adopted a "cost-plus" pricing policy, pursuant to which we set target prices with different profit margins over the products we distribute. The management of our Group will review and revise the price list of our products after considering the procurement costs and other costs, the type of products, the volume of orders, the price recommended by our suppliers, principal business activities of the customers, prevailing market conditions, the pricing of our competitors and the pricing strategy as determined by the management of our Group.

OUR PRODUCTS

F&B sector is our principal product segment which can be divided into six core F&B categories ranging from dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages and specialty products. In the F&B sector, dairy products and frozen products are our major product categories with the largest revenue contribution for the Track Record Period. The consumption of ready-to-eat meals and packaged food, such as frozen fries, biscuits, chocolate, and snacks, is also rising steadily in Malaysia.

To satisfy varying customers' needs, we also extended our product offerings to non-F&B sector, with product categories such as personal and baby care, pet care and cleaning and kitchen supplies. According to the F&S Report, the products in the F&B market in Malaysia are generally sold throughout the year and are less influenced by seasonal factors, hence our business generally does not experience material seasonality fluctuations.

The following table sets forth the breakdown of revenue, gross profits and gross profit margin of our major product categories generated from our distribution and sales business (including revenue generated from logistics and others) during the Track Record Period:

	FY2019				FY2020				FY2021				4M2021				4M2022			
	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin	Revenue		Gross profit	Gross profit margin
	RM'000	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%
F&B																				
Dairy products	151,575	30.5	18,266	12.1	170,472	30.2	20,187	11.8	188,894	28.2	21,649	11.5	60,114	27.7	7,974	13.3	67,442	25.3	7,795	11.6
Frozen food	126,720	25.5	18,347	14.5	132,074	23.4	20,058	15.2	147,969	22.1	20,855	14.1	52,332	24.1	7,347	14.0	63,840	23.9	9,693	15.2
Packaged food and commodities	62,250	12.5	6,053	9.7	71,529	12.7	6,274	8.8	87,387	13.1	7,510	8.6	26,845	12.4	3,111	11.6	34,036	12.8	3,012	8.8
Sauce, oil and condiments	55,792	11.2	6,088	10.9	60,149	10.6	6,467	10.8	70,660	10.5	6,462	9.1	23,400	10.8	2,635	11.3	33,758	12.7	3,703	11.0
Beverages	39,918	8.0	4,185	10.5	42,277	7.5	5,686	13.4	64,822	9.7	10,595	16.3	19,812	9.1	2,906	14.7	27,598	10.3	4,215	15.3
Specialty products	14,896	3.0	5,234	35.1	21,251	3.8	7,761	36.5	33,156	5.0	12,026	36.3	10,212	4.7	3,608	35.3	12,035	4.5	4,289	35.7
Sub-total of F&B products	451,151	90.7	58,173		497,752	88.2	66,433		592,888	88.6	79,097		192,715	88.8	27,581		238,709	89.5	32,707	
Non-F&B																				
Personal and baby care products	22,866	4.6	2,516	11.0	26,399	4.7	2,587	9.8	30,023	4.5	2,712	9.0	9,873	4.5	1,115	11.3	12,458	4.7	1,180	9.5
Pet care	3,461	0.7	1,419	41.0	5,943	1.0	2,381	40.1	7,765	1.2	3,460	44.6	2,491	1.2	1,240	49.8	3,737	1.4	1,641	43.9
Cleaning and kitchen supplies	13,770	2.8	1,232	8.9	23,285	4.1	2,222	9.5	27,488	4.1	2,730	9.9	8,911	4.1	1,010	11.3	8,819	3.3	946	10.7
Sub-total of Non-F&B products	40,097	8.1	5,167		55,627	9.8	7,190		65,276	9.8	8,902		21,275	9.8	3,365		25,014	9.4	3,767	
Sub-total	491,248	98.8	63,340	12.9	553,379	98.0	73,623	13.3	658,164	98.4	87,999	13.4	213,990	98.6	30,946	14.5	263,723	98.9	36,474	13.8
Logistics and other services	6,187	1.2	2,847	46.0	11,253	2.0	6,110	54.3	10,574	1.6	6,509	61.6	3,065	1.4	1,891	61.7	2,929	1.1	2,279	77.8
Total/overall	497,435	100.0	66,187	13.3	564,632	100.0	79,733	14.1	668,738	100.0	94,508	14.1	217,055	100.0	32,837	15.1	266,652	100.0	38,753	14.5

The top three product categories we distributed and sold, namely, dairy products, frozen food and packaged food and commodities, contributed approximately 69.4%, 67.6%, 64.5% and 62.7% of total revenue from distribution and sales business for the Track Record Period, respectively. The top two fastest growth products during the Track Record Period are pet care products and specialty products, which recorded a CAGR of 49.8% and 49.2% from FY2019 to FY2021 and a growth of 50.0% and 17.9% for 4M2022 compared with 4M2021, respectively primarily due to the contribution from *Sayangku* , *Snowcat* and *CED* , our Own Brands, attributable to the increase in general consumers awareness of quality products and demand for quality pet products during the Track Record Period especially during FY2020 and FY2021 under MCO.

The gross profit margin of our distribution and sales business increased from approximately 12.9% for FY2019 to 13.3% for FY2020. The gross profit margin of our distribution and sales business improved slightly to 13.4% for FY2021 and further improved to 13.8% for 4M2022. Amid different products, specialty products and pet care products achieved highest gross profit margin of 36.5% and 44.6% during the Track Record Period, respectively.

The gross profit margin of our dairy products dropped by approximately 0.3% in FY2020 from approximately 12.1% FY2019 to 11.8% for FY2020 primarily attributable to the decrease of gross profit margin of three brands of our milk related products, which contributed approximately 0.6% drop in the gross profit margin of our dairy products, which was partially set off by the contribution of the increase in gross profit margin of dairy products of approximately 0.4% from products of Brand A and Brand B. The gross profit margin of our dairy products further decreased to approximately 11.5% for FY2021 mainly due to the increase in average unit cost of approximately 2.7%, which exceeded the increase in average selling price of approximately 2.2%, especially the unit cost of products of Brand A and Brand B increased by approximately 7.2% and 16.9%, respectively. The gross profit margin of our dairy products decreased by approximately 1.7% for 4M2022 comparing with 4M2021 mainly due to the decrease of gross profit margin of products of Brand B and Brand D by approximately 2.9% and 2.9%, respectively for 4M2022 comparing with 4M2021.

While the average selling price of personal and baby care products in FY2020 remained unchanged in order to maintain our competitiveness in the market, in light of rising cost of approximately 17.0%, the gross profit margin of personal and baby care products decreased by approximately 1.2%, from approximately 11.0% in FY2019 to approximately 9.8% in FY2020. The gross profit margin of personal and baby care products decreased by approximately 0.8% from approximately 9.8% for FY2020 to approximately 9.0% for FY2021 because the increase in average unit cost of approximately 10.1% outweighed the increase in average selling price of approximately 9.2%. The gross profit margin decreased from 11.3% for 4M2021 to 9.5% for 4M2022 mainly attributable to the decrease of gross profit margin of one brand of feminine care of approximately 5.0%, which contributed to 1.0% decrease of the gross profit margin of person and baby care products for 4M2022 comparing with 4M2021.

We had two main brands of products under pet care category, namely *Sayangku* and *Snowcat* SNOWCAT, our Own Brands, accounted for approximately 96.8%, 98.9%, 100% and 100% of total revenue from pet care products from FY2019 to 4M2022, respectively. The increase of revenue for FY2020 of approximately RM2.5 million consisted mainly of the increase in *Sayangku* of approximately RM2.3 million through our marketing efforts. The decrease in gross profit margin of both *Snowcat* SNOWCAT and *Sayangku* in FY2020 of approximately 1.8% and 1.7%, respectively pulled down the overall gross profit margin of pet care products to approximately 40.1% for FY2020. The gross profit margin improved from approximately 40.1% for FY2020 to approximately 44.6% for FY2021 mainly due to decrease in cost per unit of approximately 7.8% resulting from tighter cost control measures, such as procuring favourable pricing with suppliers upon increasing purchase volume. The gross profit margin decreased from 49.8% for 4M2021 to 43.9% for 4M2022 mainly due to the decrease of average selling price from RM6.5 for FY2021 to RM6.2 for 4M2022 resulting from a competitive price strategy which increased the revenue by approximately 50% comparing with 4M2021.

OUR CUSTOMERS

We have established a large and diverse customer base of more than 11,000 active customers in Malaysia with a focus on large retail chains and channels, including hypermarkets and supermarkets, provision shops and convenience stores and kiosks, some of which are recognised international and domestic retail chains such as *Nirwana, TF Value-Mart, BS Group and Sabasun*. We also sell and market products to other customers, namely (i) F&B dealers and merchandisers; (ii) HORECA; (iii) school canteens; and (iv) others such as pharmacies, etc. According to the F&S Report, in Malaysia, there is an ongoing shift in consumer habits to buy frozen products from supermarkets rather than from traditional wet markets, which can be attributed to (i) the rapid economic growth, the acceleration of urbanisation, and the rising disposable income and consumption expenditure of consumers in Malaysia; (ii) the extensive geographical coverage of supermarkets which has enhanced general consumers convenience and accessibility; (iii) the heightened hygiene awareness arising from the outbreak of COVID-19; and (iv) the compulsory temporary shutdown of traditional wet markets ordered by the Malaysia government under the "movement control order" ("**MCO**"). Due to the outbreak of COVID-19, the demand for ready-made meals has increased. Consumers have stockpiled processed F&B products with longer shelf lives as compared to perishable foods, which has propelled the preference for retail chains and channels.

The table below sets out a breakdown of the number of our active customers and our revenue and gross profit margin generated from our distribution and sales business (excluding revenue generated from logistics and others) by our major customer type during the Track Record Period:

Customer Types	FY2019				FY2020				FY2021				4M2021				4M2022			
	No. of active customers	Revenue		Gross profit margin	No. of active customers	Revenue		Gross profit margin	No. of active customers	Revenue		Gross profit margin	No. of active customers	Revenue		Gross profit margin	No. of active customers	Revenue		Gross profit margin
	(approximately)	*RM'000*	%	%	*(approximately)*	*RM'000*	%	%	*(approximately)*	*RM'000*	%	%	*(approximately)*	*RM'000*	%	%	*(approximately)*	*RM'000*	%	%
Retail chains and channels																				
Hypermarkets and supermarkets	186	258,853	52.7	13.0	191	292,537	52.9	13.5	204	347,157	52.8	13.9	181	114,706	53.6	14.9	192	140,936	53.4	14.3
Provision shops*(Note 1)*	7,039	85,000	17.3	12.4	7,254	106,352	19.2	13.1	8,158	136,570	20.8	12.8	6,941	41,253	19.3	14.4	7,638	49,739	18.9	12.9
Convenience stores and kiosks	1,309	33,601	6.8	14.7	1,522	34,736	6.3	15.3	1,412	35,856	5.4	15.2	1,287	11,409	5.3	15.7	1,361	13,323	5.1	14.8
Subtotal*(Note 2)*	8,478	377,454	76.8		8,892	433,625	78.4		9,697	519,583	79.0		8,330	167,368	78.2		9,120	203,998	77.4	
F&B dealers and merchandisers	799	64,610	13.2	9.1	835	78,550	14.1	11.1	910	89,995	13.7	11.0	766	31,312	14.6	12.0	811	37,521	14.2	12.6
HORECA	1,089	13,996	2.9	15.3	1,054	10,399	1.9	14.7	1,190	12,132	1.8	13.8	907	3,825	1.8	15.2	1,026	6,754	2.6	14.6
School canteens	503	15,367	3.1	23.8	488	9,284	1.7	21.2	405	5,314	0.8	21.8	338	2,305	1.1	21.2	370	3,222	1.2	22.1
Others*(Note 3)*	938	19,821	4.0	13.4	984	21,521	3.9	12.3	1,192	31,140	4.7	12.9	956	9,180	4.3	14.1	1,161	12,228	4.6	12.2
Total*(Note 2)*	11,746	491,248	100.0	12.9	12,185	553,379	100.0	13.3	13,324	658,164	100.0	13.4	11,160	213,990	100.0	14.5	12,424	263,723	100.0	13.8

Notes:

1. Provision shops are grocery stores which sell a variety of F&B and other products similar to those of supermarkets but typically operate on a smaller business scale.

2. Some active customers may own various businesses of different natures and may hence fall under more than one customer category. Therefore, the same customer which has been counted more than once under different categories is regarded as one customer only to reflect the actual total number of customers.

3. Other customers include pharmacies, bookstores, bakery ingredient shops and pet shops.

Revenue from our five largest customers, which were domestic retail chains in Malaysia, amounted to approximately RM137.4 million, RM151.0 million, RM186.0 million and RM74.7 million, respectively in each year/period during the Track Record Period, which in aggregate accounted for approximately 27.6%, 26.8%, 27.9% and 28.0% of our total revenue, respectively during the same year/period. Revenue from our largest customer amounted to approximately RM38.7 million, RM49.0 million, RM60.8 million and RM24.0 million respectively in each year/period during the Track Record Period, representing approximately 7.8%, 8.7%, 9.1% and 9.0% of our total revenue, respectively during the same year/period. As at 30 April 2022, we had established business relationship ranging from approximately 11 to 26 years with our five largest customers during the Track Record Period, which are Independent Third Parties. Our ability to retain customers can be illustrated by the fact that revenue generated from repeat customer accounts (i.e. in respect of a particular year in the Track Record Period, customers that had also placed at least one purchase order with us in the previous year) contributed over 90% of our total revenue from FY2019 to FY2021. We do not over-rely on a few customers as no revenue derived from any single customer accounted for 10.0% or more of our total revenue for each of the Track Record Period.

Through our marketing effort, the number of active customers of our distribution and sales business increased from approximately 11,750 for FY2019 to approximately 13,320 for FY2021 while the average revenue generated from each customer increased from approximately RM41,800 for FY2019 to approximately RM49,400 for FY2021, representing a CAGR of approximately 8.7% from FY2019 to FY2021. Among different customers, the number of customers of HORECA and school canteens decreased by 35 and 15, respectively in FY2020 due to business difficulty during MCO while the average revenue generated per customer of HORECA and school canteens recorded a year-over-year decrease of approximately 23.2% and 37.7%, respectively for FY2020. As such, the revenue of HORECA and school canteens dropped by approximately 25.7% and 39.6%, respectively for FY2020 while the gross profit margin of HORECA and school canteens decreased by approximately 0.6% and 2.6%, respectively for FY2020. Except for school canteens which recorded a decrease in the number of customers of approximately 80 and shrinkage of average revenue generated per customer of approximately 31.0% for FY2021, the number of customers and average revenue per customer of other customers recorded an increase of more than approximately 1,210 and approximately 8.7%, respectively for FY2021 which contributed an increase in both revenue and gross margin for FY2021 by approximately 18.9% and 19.5%, respectively.

OUR SUPPLIERS

During the Track Record Period, we had a network of more than 170 suppliers which are Independent Third Parties. Our suppliers primarily include: (i) recognised domestic brand owners and international brand owners, wholesalers and distributors; (ii) OEM suppliers of our Own-Brand Products; and (iii) raw material suppliers for our Own Products and package materials etc.

Our purchases from our five largest suppliers, which were for our Third-Party Brand Distribution, amounted to approximately RM217.8 million, RM224.2 million, RM249.9 million and RM92.2 million respectively in each year/period during the Track Record Period, which in aggregate accounted for approximately 51.0%, 47.1%, 43.5% and 39.8% of our total purchase, respectively during the same year/period. Our purchases from our largest supplier amounted to approximately RM73.0 million, RM72.3 million, RM85.1 million and RM29.6 million respectively in each year/period during the Track Record Period, which accounted for approximately 17.1%, 15.2%, 14.8% and 12.8% of our total purchase, respectively during the same year/period. As at 30 April 2022, we had established business relationship ranging from approximately five to 26 years with our five largest suppliers during the Track Record Period which are Independent Third Parties. In addition, while fluctuations in inflation and crude oil price may increase our cost of purchase, especially in relation to imported products or raw materials, our Directors consider that during the Track Record Period and up to the date of this prospectus, such fluctuations did not have a material impact on our business operations and financial performance and we did not record any material change of our cost of purchase by reason of such fluctuations, since we were able to pass on the increased costs (if any) to our customers. For further information about the risk involved in our business in relation to fluctuations in inflation and crude oil price, please refer to the paragraphs headed "Risk factors – Risks relating to our business – Increase in the costs of products sourced from suppliers or costs incurred in our logistics operations and our exposure to foreign currency risk may materially affect our results of operations" in this prospectus.

OUR WAREHOUSES, LOGISTICS OPERATIONS AND PROCESSING FACILITIES

With in-depth experience in the F&B distribution market in Malaysia, our Directors believe that the core value of our business is to provide warehousing and logistics services that can create more value to our suppliers and customers and to secure an efficient and cost-effective flow of distribution of products all along. To this end, our warehousing capabilities and logistics operations play a pivotal role. In the F&B industry, a major focus for manufacturers, retailers, and consumers in the F&B industry is to ensure food quality and safety by preventing premature expiry, decay, and spoilage. The increasing demand for frozen food and dairy products requires effective cold storage facilities so that the chemical composition of food items remains intact even after several months. Cold chain logistics are essential for maintaining the quality of frozen food and dairy products and ensuring that low temperature is maintained, as required by frozen food and dairy products, throughout the supply chain. As at 30 April 2022, we operated a network of 12 self-operated warehousing facilities with aggregate designated storage capacity of approximately 25,600 CBM strategically located in all key sales regions of Peninsular Malaysia (nine are equipped with cold storage facilities) and designated cold storage capacity of approximately 4,550 CBM. In addition, we also engaged external warehouse and logistics service providers on an as-needed basis. As at 30 April 2022, we operated a fleet of over 140 logistics vehicles, of which approximately 100 are refrigerated vehicles. With the growing demand for frozen seafood, frozen meat and dairy products, the demand for cold chain infrastructure is expected to increase in the coming years. We intend to invest in cold chain management system. Please refer to the sections headed "Business – Business strategies" and "Future Plans and Use of Proceeds" in the prospectus for details. While we directly deal with Third-Party Brand owners in respect of the supply of products, we also engaged independent service providers separately for certain logistics arrangements such as clearance of overseas shipments of the products.

As at 30 April 2022, we operated processing facilities for our Own Products at our two self-owned warehouses at Kuantan and Puchong. Our processing facilities are in compliance with the ISO 22000:2005 and MS 1480:2019 standards and are operated in accordance with our quality assurance measures and procedures.

The table below sets forth the breakdown of our revenue generated from our distribution and sales business (excluding revenue generated from logistics and others) by geographical location (in terms of destinations to which the products were delivered) during the Track Record Period:

	FY2019		**FY2020**		**FY2021**		**4M2021**		**4M2022**	
Geographical location	**Revenue**		**Revenue**		**Revenue**		**Revenue**		**Revenue**	
	RM'000	%	*RM'000*	%	*RM'000*	%	*RM'000*	%	*RM'000*	%
Peninsular Malaysia:										
Eastern	333,967	67.2	357,014	63.2	401,575	60.1	134,198	61.8	165,095	61.9
Northern	74,703	15.0	90,958	16.1	120,525	18.0	35,248	16.3	48,335	18.1
Western	68,028	13.7	85,069	15.1	110,453	16.5	35,196	16.2	39,715	14.9
Others	14,550	2.9	20,338	3.6	25,611	3.8	9,348	4.3	10,578	4.0
Total	491,248	98.8	553,379	98.0	658,164	98.4	213,990	98.6	263,723	98.9

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths have contributed to our success, differentiated us from our competitors and will continue to be the key drivers of our growth: (i) our role as an established F&B distributor in Malaysia; (ii) our large and diverse supplier base of recognised international and domestic brand owners and other suppliers; (iii) our large and diverse customer base of established retail chains and channels and other customers; (iv) our warehousing and logistics management operations strategically located in the major locations in Peninsular Malaysia; and (v) our experienced and dedicated senior management team and our stable and dedicated workforce. Please refer to the paragraphs headed "Business – Competitive strengths" for further details.

COMPETITIVE LANDSCAPE

The F&B distribution market landscape in Malaysia is fragmented in nature with a mix of global and local players. The market is still served by small-and medium-sized local players with small fleets and storage spaces. Additionally, global players are investing in the market and acquiring local companies to increase their footprint in the region. To compete with global players, local enterprises are also investing in cold chain infrastructure to meet the standards. Furthermore, logistics companies in Malaysia strengthen their activities in ASEAN by setting up bases of land transportation in ASEAN countries for each country within the manufacturing and distribution industries, thereby pushing the construction of a supply chain. Our Directors consider that the F&B distribution industry in Malaysia is highly competitive and our success depends on, *inter alia*, our ability to offer a wide variety of quality and safe F&B products and the scale of distributor network and investment in cold chain infrastructure.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), Soon Holdings, which is wholly-owned by the Soon Siblings, will be interested in approximately 75% of the issued share capital of our Company. Accordingly, Soon Holdings and the Soon Siblings will be a group of Controlling Shareholders within the meaning of the Listing Rules. Please refer to the section headed "Relationship with Our Controlling Shareholders" for further details.

COMBINED FINANCIAL INFORMATION

The following table sets forth our combined financial information during the Track Record Period, which has been extracted from the Accountants' Report as set out in Appendix I to this prospectus.

Combined Statements of Profit or Loss and Other Comprehensive Income

	FY2019	FY2020	FY2021	4M2021	4M2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Revenue	497,435	564,632	668,738	217,055	266,652
Cost of sales	(431,248)	(484,899)	(574,230)	(184,218)	(227,899)
Gross profit	66,187	79,733	94,508	32,837	38,753
Other income	1,924	2,813	1,296	491	226
Selling and distribution expenses	(30,369)	(36,349)	(40,699)	(11,850)	(14,228)
Administrative and other operating expenses	(12,855)	(14,320)	(16,002)	(5,616)	(6,121)
Finance costs	(1,909)	(1,581)	(1,373)	(522)	(492)
Listing expenses	(28)	(3,188)	(4,974)	(2,268)	(1,630)
Profit before tax	22,950	27,108	32,756	13,072	16,508
Income tax expenses	(5,292)	(8,311)	(9,168)	(3,870)	(4,582)
Profit for the year/period	17,658	18,797	23,588	9,202	11,926
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on combination/consolidation	–	26	25	57	(60)
Total comprehensive income for the year/period	17,658	18,823	23,613	9,259	11,866

Non-IFRS measure: adjusted net profit

Adjusted net profit (non-IFRS measure) was calculated based on our profit for the year excluding listing expenses during the Track Record Period. This is a non-IFRS measure which is not required by or presented in accordance with IFRS. In addition to the IFRSs measures in our combined financial statements, we also use the adjusted net profit (non-IFRS measure) to evaluate our operating performance. Our Directors believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our combined results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies. The use of this non-IFRS measure may have limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies.

	FY2019	**FY2020**	**FY2021**	**4M2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-IFRS measures:					
Profit for the year/period	17,658	18,797	23,588	9,202	11,926
Add: listing expenses	28	3,188	4,974	2,268	1,630
Adjusted net profit (non-IFRS measure)	17,686	21,985	28,562	11,470	13,556

We recorded net profit for the year of approximately RM17.7 million, RM18.8 million, RM23.6 million and RM11.9 million for the Track Record Period, respectively. The net profit increased from approximately RM17.7 million to approximately RM18.8 million mainly due to the improvement in our gross profit margin from 13.3% for FY2019 to 14.1% for FY2020. While our gross profit margin for FY2020 and FY2021 was kept at 14.1%, the net profit margin increased from approximately 3.3% for FY2020 to approximately 3.5% for FY2021 mainly contributed by the decrease in the percentage of selling and distribution expenses and administrative and other operating expenses for FY2021 over the revenue by approximately 0.4% comparing with FY2020. The revenue of our distribution and sales business which accounted for approximately 98.8%, 98.0% and 98.4% of total revenue, respectively for FY2019 to FY2021 recorded a CAGR of approximately 15.7% from FY2019 to FY2021. We recorded net profit for 4M2022 of approximately RM11.9 million with net profit margin of 4.5%, an improvement of approximately 0.3% comparing with that of 4M2021 which was mainly contributed by the saving in total expenses in terms of percentage of total revenue including selling and distribution expenses, administrative and other operating expenses, finance costs and listing expenses of approximately 0.8% which was offset by the decrease in gross profit margin of 0.6%. Our gross profit margin was approximately 13.3%, 14.1%, 14.1% and 14.5% for the Track Record Period. The gross profit margin increased slightly from approximately 13.3% for FY2019 to approximately 14.1% for FY2020 mainly due to an increase in gross profit margin of sales of our F&B products from approximately 12.9% for FY2019 to 13.3% for FY2020. The gross profit margin of our F&B products was then kept at approximately 13.3% for FY2021. Our gross profit margin decreased from 15.1% for 4M2021 to 14.5% mainly due to the drop of gross profit margin of dairy products from 13.3% for 4M2021 to 11.6% for 4M2022. Other income increased by approximately 46.2% in FY2020 comparing with FY2019 primarily due to receipt of government grants in respect of wage subsidy in relation to COVID-19 from the Malaysian government of approximately RM0.9 million for FY2020. Other income decreased by approximately 53.6% to approximately RM1.3 million for FY2021, primarily due to decrease of wage subsidy received from the government of approximately RM0.8 million. Other income decreased by approximately 54.0% from approximately RM0.5 million for 4M2021 to approximately RM0.2 million for 4M2022 primarily due to the decrease of rental income of approximately RM0.1 million.

Summary of Key Items in Our Combined Statements of Financial Position

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Non-current assets	47,703	41,173	43,557	45,058
Property, plant and equipment	27,619	29,955	32,321	32,842
Right-of-use assets	6,801	8,350	9,462	8,947
Current assets	142,478	159,882	169,467	205,258
Inventories	43,942	45,031	56,292	63,634
Trade and other receivables	70,814	73,024	95,032	119,632
Pledged bank deposits	15,674	12,844	13,430	13,419
Bank balances and cash	11,883	13,012	4,480	8,339
Total assets	190,181	201,055	213,024	250,316
Non-current liabilities	24,713	20,083	17,822	16,601
Interest-bearing borrowings	23,079	17,121	15,250	14,662
Current liabilities	75,474	94,398	85,015	111,662
Trade and other payables	35,112	51,037	55,777	66,804
Interest-bearing borrowings	25,980	21,088	26,065	39,864
Total liabilities	100,187	114,481	102,837	128,263
Net current assets	67,004	65,484	84,452	93,596
Net assets	89,994	86,574	110,187	122,053

Net assets decreased to approximately RM86.6 million as at 31 December 2020, primarily due to dividend of approximately RM20.5 million and loss on disposal of a subsidiary of approximately RM1.7 million which was offset by profit for the year of approximately RM18.8 million.

Net assets increased to approximately RM110.2 million as at 31 December 2021, primarily attributable to profit for the same year of approximately RM23.6 million.

Our net assets increased from approximately RM110.2 million as at 31 December 2021 to approximately RM122.1 million as at 30 April 2022, primarily attributable to the profit for the period of approximately RM11.9 million.

Our net current assets decreased from approximately RM67.0 million as at 31 December 2019 to approximately RM65.5 million as at 31 December 2020 primarily due to the increase in current liabilities of approximately RM18.9 million comprising largely increase in trade and other payables of approximately RM15.9 million which was offset by the increase of current assets of approximately RM17.4 million comprising largely of increase in non-current assets held for distribution to owners and financial assets at fair value through profit and loss of an aggregate amount of approximately RM16.0 million.

Our net current assets increased from approximately RM65.5 million as at 31 December 2020 to approximately RM84.5 million as at 31 December 2021 primarily due to the increase of current assets of approximately RM9.6 million which was comprised largely of net impact of the increase in trade and other receivables of approximately RM22.0 million which was offset by the decrease of current liabilities of approximately RM9.4 million which was comprised of net impact of the decrease in dividend payable of approximately RM20.5 million and the increase of trade and other payables and interest-bearing borrowings of approximately RM4.7 million and RM5.0 million, respectively.

Our net current assets then increased by approximately RM9.1 million from approximately RM84.5 million as at 31 December 2021 to approximately RM93.6 million as at 30 April 2022 primarily due to the increase in current assets of approximately RM35.8 million consisting of the increase in trade and other receivables of approximately RM24.6 million, the increase in inventories of approximately RM7.3 million and the increase in bank balance and cash of approximately RM3.9 million, which was offset by the increase in current liabilities of approximately RM26.6 million primarily due to the increase in trade and other payables and interest-bearing borrowings of approximately RM11.0 million and RM13.8 million, respectively.

Selected Items of Combined Statements of Cash Flows

	FY2019	FY2020	FY2021	4M2021	4M2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Operating cash flows before movements in working capital	28,045	31,996	39,702	15,209	19,611
Changes in working capital	(6,717)	8,123	(26,145)	(8,685)	(20,104)
Income tax paid	(6,316)	(8,471)	(8,552)	(2,600)	(3,249)
Net cash from (used in) operating activities	15,012	31,648	5,005	3,924	(3,742)
Net cash from (used in) investing activities	(10,922)	(7,500)	567	3,454	(2,450)
Net cash from (used in) financing activities	1,463	(22,764)	(14,214)	(7,834)	10,161
Net increase (decrease) in cash and cash equivalents	5,553	1,384	(8,642)	(456)	3,969
Cash and cash equivalents at the beginning of the reporting period	6,075	11,628	13,012	13,012	4,370
Cash and cash equivalents at the end of the reporting period	11,628	13,012	4,370	12,556	8,339

During FY2019 to FY2020, we had a net increase in cash and cash equivalents of approximately RM5.6 million and RM1.4 million, respectively. These net cash flows were mainly contributed by net cash inflows from operating activities which were offset by cash outflows from investing activities and financing activities during these three years. During FY2021, we recorded net decrease in cash and cash equivalents of approximately RM8.6 million which was mainly attributable to the cash inflow from operating activities and investing activities net off cash flow used in financing activities. During 4M2022, we had a net increase in cash and cash equivalents of approximately RM4.0 million, which was mainly attributable to net cash from financing activities of approximately RM10.2 million which were offset by net cash used in operating activities and investing activities of RM6.2 million.

The net cash from operating activities increased from approximately RM15.0 million for FY2019 to approximately RM31.6 million for FY2020 resulting mainly from the increase in changes in trade and other payables of approximately RM7.2 million and increase in changes in inventories and trade and other receivables of approximately RM7.6 million comparing with FY2019. The net cash from operating activities decreased to approximately RM5.0 million for FY2021 mainly attributable to the increase in changes in inventories and trade and other receivables of approximately RM29.3 million comparing with FY2020 resulting from increase in sales during the last four months of FY2021. The net cash from operating activities changed to net cash used in operating activities of approximately RM3.7 million for 4M2022 comparing with 4M2021 of net cash from operating activities mainly due to cash decrease resulting from working capital changes of approximately RM11.4 million for 4M2022 outweighing the increase in cash flow from operating activities of approximately RM4.4 million for 4M2022 comparing with 4M2021.

We recorded negative cash flows from operating activities of approximately RM3.7 million as at 30 April 2022 notwithstanding a cash flows of approximately RM19.6 million from the operating cash flows before movement in working capital, mainly attributable to the tax payment of approximately RM3.3 million and the increase of trade and other receivables and inventories of approximately RM7.6 million and RM25.6 million, respectively, which was partially offset by the increase in trade and other payables of approximately RM13.1 million.

The net cash used in investing activities decreased to approximately RM7.5 million from approximately RM10.9 million for FY2019 mainly attributable to the decrease in capital expenditures of approximately RM4.6 million comparing with FY2019. There was net cash flow from the investing activities of approximately RM0.6 million for FY2021 mainly due to the increase in net cash from disposal of financial assets at FVPL of approximately RM11.7 million. The investing activities for 4M2022 generated net cash outflow of approximately RM2.5 million comparing with cash inflow of approximately RM3.5 million for 4M2021 mainly due to the decrease of net proceeds from disposal of financial assets at FVPL of approximately RM5.7 million.

The net cash used in financing activities increased by approximately RM24.2 million in FY2020 from net cash from financing activities of approximately of RM1.5 million for FY2019 mainly attributable to the decrease in inception of interest-bearing borrowings of approximately RM27.0 million in FY2020. The net cash used in financing activities then decreased from approximately RM22.8 million for FY2020 to approximately RM14.2 million for FY2021 mainly due to the increase in inception of interest-bearing borrowings of approximately RM8.4 million in FY2021. The financing activities for 4M2022 generated net cash inflow of approximately RM10.2 million comparing with cash outflow of approximately RM7.8 million for 4M2021 mainly attributable to the increase of net bank borrowings of approximately RM8.1 million and the decrease in dividend paid of approximately RM10.5 million.

KEY FINANCIAL RATIOS(Note)

	Year ended/as at 31 December			For the four months ended/as at 30 April
	2019	2020	2021	2022
Gross profit margin	13.3%	14.1%	14.1%	14.5%
Net profit margin	3.5%	3.3%	3.5%	4.5%
Return on equity	19.6%	21.7%	21.4%	N/A
Return on total assets	9.3%	9.3%	11.1%	N/A
Interest coverage	16.8	25.4	30.5	43.1
Current ratio	1.7	1.6	1.8	1.7
Quick ratio	1.1	1.1	1.2	1.1
Gearing ratio	57.0%	48.5%	40.7%	47.1%
Net debt to equity ratio	44.1%	33.5%	36.7%	40.2%
Non-IFRS financial measures:				
Adjusted net profit margin (non-IFRS measure)	3.6%	3.9%	4.3%	5.1%

Note: For details of the calculation basis, see "Financial Information – Key Financial Ratios" in this prospectus.

DIVIDEND POLICY

During the Track Record Period, we declared dividends of approximately RM13.5 million, RM20.5 million, nil and nil, respectively. In December 2020, we declared dividend of approximately RM20.5 million of which 10.5 million had been paid in cash and the remaining amount of approximately RM10.0 million had been paid in the form of dividend in specie of certain investment properties, property, plant and equipment (the "**Properties**") located in Malaysia, which had an aggregate carrying amount and fair values of approximately RM10.0 million and RM15.1 million, respectively as of the date of distribution in FY2021. The Properties were distributed to the then equity owners of the entities now comprising the Group. As at 30 April 2022, all dividend payables have been settled. We do not have any predetermined dividend payout ratio. The declaration of dividend is subject to the discretion of our Board and the approval of our Shareholders. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Please refer to the paragraphs headed "Financial Information – Dividend policy" for further details.

OFFERING STATISTICS

Market capitalisation of our Shares(1)	:	HK$501.3 million to HK$539.8 million
Offer size	:	25% of the enlarged issued share capital of our Company
Offer Price	:	HK$0.52 to HK$0.56 per Offer Share
Number of Offer Shares	:	241,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	24,100,000 Shares (subject to reallocation)
Number of International Placing Shares	:	216,900,000 Shares (subject to reallocation and the Over-allotment Option)

	Based on the Offer Price of HK$0.52 per Offer Share (low-end)	**Based on the Offer Price of HK$0.56 per Offer Share (high-end)**
Unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company per Share(2)(3)	HK$0.35	HK$0.36

Notes:

(1) The calculation of market capitalisation of the Shares is based on 964,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering.

(2) See Appendix II to this prospectus for details.

(3) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised and without taking into account Shares that may be allotted or issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

REASONS FOR LISTING

Our Directors believe that there is attractive market potential for us to expand our market share in the F&B distribution industry in Malaysia, as evidenced by, among others, the expected growth of the F&B distribution market in Malaysia, details of which are set out in the section headed "Industry overview" in this prospectus. As such, our Directors are of the view that implementation of our business strategies and future expansion plans as set out in the section headed "Business – Business strategies" in this prospectus is imperative for leveraging the expected market growth and deepening our market penetration in the F&B distribution industry in Malaysia. Furthermore, funding of our business activities was primarily from our internal resources and/or bank borrowings in Malaysia during the Track Record Period. Our Directors consider that current financial resources available to us are only sufficient for the present scale of our business operation, and hence, to implement the said business strategies and future plans, our capital requirement would escalate and our Directors believe that the net proceeds from the Global Offering will not only enable us to expand and uphold our market competitiveness, but also fund our business strategies and expansion plans since neither our internal resources nor bank borrowing is a viable choice for our future growth in the F&B

distribution industry in Malaysia. Furthermore, a listing status in Hong Kong will enable our Group to (i) gain direct access to the Hong Kong capital market for cost effective capital raising for future expansion and corporate finance exercises; (ii) enhance our corporate profile, recognition and status, which in turn may create greater assurance to our existing and prospective customers and suppliers and can potentially lead to more business opportunities; (iii) improve our bargaining power towards our customers and suppliers; (iv) attract talents to join our Group, gain access to a larger pool of talents and facilitate our in-house talent management through staff retention and development; and (v) improve our operational efficiency and corporate governance through compliance with rigorous disclosure standards which would further enhance our internal control and risk management. For further details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

FUTURE PLANS AND PROPOSED USE OF PROCEEDS

Based on the Offer Price of HK$0.54 per Share (being the mid-point of the indicative Offer Price range of HK$0.52 to HK$0.56 per Share) and assuming that Over-allotment Option is not exercised, the net proceeds of the Global Offering, after deduction of underwriting fees and other expenses payable by our Company in relation to the Global Offering, are estimated to be approximately HK$86.0 million. Our Company currently intends to use the net proceeds from the Global Offering in the following manner:

	Approximate amount of net proceeds	Intended applications
1.	Approximately HK$41.1 million (equivalent to approximately RM21.4 million) or 47.8%	Further enhance our distribution and sales capabilities by investing in cold chain and other infrastructure, including (i) setting up a new warehouse with cold storage facilities and upgrading our self-owned warehouses with advanced features; (ii) acquiring and upgrading cold and other logistics vehicles; (iii) enhancing cold chain and other management and information systems
2.	Approximately HK$15.5 million (equivalent to approximately RM8.1 million) or 18.0%	Develop our Own Products business by acquiring new processing machines and conducting marketing and promotional activities
3.	Approximately HK$6.0 million (equivalent to approximately RM3.1 million) or 7.0%	Develop e-commerce business by launching a mobile application
4.	Approximately HK$14.8 million (equivalent to approximately RM7.7 million) or 17.2%	Strategic acquisitions and investments along our supply value chain. As at the Latest Practicable Date, we have not identified any specific target for acquisitions and investments
5.	Approximately HK$8.6 million (equivalent to approximately RM4.5 million) or 10.0%	General working capital

LISTING EXPENSES

Based on the Offer Price of HK$0.54 (being the mid-point of the indicative Offer Price range of HK$0.52 to HK$0.56 per Share) and assuming that Over-allotment Option is not exercised, the estimated listing expenses in connection with the Global Offering are approximately HK$44.1 million (equivalent to approximately RM22.9 million) (approximately 33.9% of the gross proceeds from Global Offering), of which approximately HK$0.05 million (equivalent to approximately RM0.03 million), HK$6.1 million (equivalent to approximately RM3.2 million), HK$9.6 million (equivalent to approximately RM5.0 million) and HK$3.1 million (equivalent to approximately RM1.6 million) have been charged to our combined statement of profit or loss for FY2019, FY2020, FY2021 and 4M2022, respectively, and approximately HK$4.8 million (equivalent to approximately RM2.4 million) is expected to be charged to our combined statement of profit or loss for the eight months ending 31 December 2022 and approximately HK$20.5 million (equivalent to approximately RM10.7 million) is expected to be directly attributable to issue of Shares and accounted as a deduction from equity upon the successful listing under the relevant accounting standards. The estimated listing expenses comprise underwriting related expenses of approximately HK$13.1 million (equivalent to approximately RM6.8 million) and non-underwriting expenses of approximately HK$31.0 million (equivalent to approximately RM16.1 million) which are consisted of professional party expenses of approximately HK$23.6 million (equivalent to approximately RM12.3 million) and non-professional party expenses of approximately HK$7.4 million (equivalent to approximately RM3.8 million). Prospective investors should note the financial performance of our Group for the financial year ending 31 December 2022 will be materially and adversely affected by the aforementioned listing expenses.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

In view of the high utilisation rate of Kuala Terengganu WH I(A) and Kuala Terengganu WH II, we entered into a sale and purchase agreement in March 2022 for the acquisition of Kuala Terengganu WH I(B) (directly, instead of the purchase of a company holding the warehouse) in the proximity of Kuala Terengganu WH I(A) at the consideration of approximately RM10.5 million (of which 10% has been paid as deposit as at the Latest Practicable Date), which is intended to be funded by bank borrowings and our internal resources. The said acquisition is expected to complete in or about three months from the date when the state authority's consent is obtained. Please refer to the paragraphs headed "Business – Our warehouses – Recent acquisition" in this prospectus for further details.

After the Track Record Period, our business continued to present growth in various aspects. After the Track Record Period and up to 30 June 2022, our Group had secured more than approximately 700 new customers and our brand portfolio had been further expanded to include approximately 10 new Third-Party Brands. In addition, we had further enriched our product portfolio which increased by more than approximately 600 SKUs after the Track Record Period and up to 30 June 2022. In general, our financial performance for the four months ended 30 April 2022 had also improved as compared with the corresponding period in 2021.

Our Directors confirm that our business operations and business model had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business model and the general economic and regulatory environment in which we operate, save for those disclosed in the paragraphs headed "Impact of COVID-19 on our business and operation" below. Our net profit for FY2020 and FY2021 had not been materially and negatively affected by the factors described in the paragraphs headed "Impact of COVID-19 on our business and operation" below. Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 30 April 2022 (being the date of our Group's latest combined audited financial information), and there have been no events since 30 April 2022 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

Impact of COVID-19 on our business and operation

Due to a sharp increase in the number of confirmed cases of COVID-19, the Malaysia government imposed the MCO, the "conditional movement control order" ("**CMCO**") and/or the "recovery movement control order" ("**RMCO**") across Malaysia from time to time since March 2020. Under the MCO, to a different extent, kindergartens, schools and universities, and most government and private premises except for essential services have to be closed; and the public is to stay at home. There are other measures such as travel restrictions, quarantine regions, and an extended shutdown of business operations that may also affect our operation. With the re-opening of the borders of Malaysia on 1 April 2022, Malaysian and non-Malaysian will be able to enter or leave the country and fully vaccinated travellers do not have to undergo quarantine.

Following the re-opening of the borders, the Malaysian government has announced a relaxation in the standard operating procedures which came into effect on 1 May 2022. In particular, all businesses are allowed to operate from 15 May 2022.

Our Directors believed that the F&B distribution market in Malaysia was less affected by the outbreak of COVID-19 pandemic as due to the above-mentioned measures and other social distancing measures, more people have meals at home and reduce social activities, which might boost the sale of our F&B products. As a result, notwithstanding that our revenue generated from sales to HORECA and school canteens (the operation of which was more substantially affected by COVID-19) for FY2020 decreased by approximately RM9.7 million in aggregate as compared to FY2019, such decrease was set-off by the increase in our revenue for FY2020 as compared to FY2019 generated from sales to retail chains and channels including hypermarkets and supermarkets, provision shops and convenience stores and kiosks which amounted to approximately RM56.2 million in aggregate. The revenue generated from sales to retail chains and channels increased for FY2021 comparing with FY2020 except that the sales to school canteens for FY2021 still recorded a drop of approximately 42.8% comparing with FY2020. The sales to retail chains and channels recorded growth including sales to school canteens for 4M2022 comparing with 4M2021. Our financial performance could maintain stable growth amid the ongoing COVID-19 pandemic for FY2020, FY2021 and 4M2022 and there was no material disruption in the sales of our products. For FY2020, representing the period comprising a period of ten months which had been affected by the outbreak of COVID-19, our revenue increased by approximately 13.5% as compared with FY2019, and our revenue for FY2021 further increased by approximately 18.4% as compared with FY2020. Our revenue for 4M2022 further increased by approximately 22.8% as compared with 4M2021. There was no material disruption in the supply chain of products from our suppliers. Though most of our F&B Third-Party Brand Products are imported from countries which are impacted by the outbreak of COVID-19, to the best knowledge and information of our Directors, the production of F&B products, which are daily necessity products, had not been stopped and our Group therefore had not encountered any material delay or disruption in procuring and receiving products from our suppliers and had maintained adequate level of inventories during the outbreak of COVID-19. By way of illustration, our inventories, net of write-down provisions, as at 31 December 2019, 2020, 2021 and 4M2022 were approximately RM43.9 million, RM45.0 million, RM56.3 million and RM63.6 million, respectively, and our inventory turnover days for FY2019, FY2020, FY2021 and 4M2022 were approximately 36 days, 34 days, 32 days and 32 days, respectively. Our Group was also allowed to continue our operation when the MCO, CMCO or RMCO was in force. Hence, there was no material disruption in the delivery to our customers though our sales and marketing activities and communication with our customers could only be conducted by electronic means or video conferencing technologies. Although some of our employees, office staff in particular, were required to work from home from time to time under the pandemic, they were able to provide necessary support to other departments through electronic means, and we had not encountered any material difficulty in relation to working arrangements arising therefrom. Our employees were able to discharge their duties as usual. There was no material disruption in our administration, management and business operations. In addition, the Malaysian government had provided government grants to Malaysian companies as a measure to alleviate any negative impacts caused by the outbreak of COVID-19, and accordingly, we had received wage subsidy of approximately RM0.9 million for FY2020, approximately RM46,000 for FY2021 and nil for 4M2022.

If the ongoing COVID-19 pandemic persists in Malaysia whereby the measures under the MCO have to be resume or further enhanced, which may affect our business and operation, we have devised a series of contingency plans including (i) short-listing additional suppliers of different product types and brands in different geographical locations in Malaysia to ensure that we can replenish our inventories on a timely basis; (ii) strengthening the sales of our Own Products and strategically source products from domestic suppliers in case the import of Third-Party Brand Products is hindered by the transportation restriction imposed by the exporting countries or within Malaysia; and (iii) expanding our warehousing capability and processing facilities, particularly our cold storage capability for frozen seafood and meat etc, to cater for any increase in demands for frozen food in the future. Our Directors therefore expect that the COVID-19 pandemic will not have any material adverse impact on our Group's financial performance.

For further details, please refer to the paragraph headed "Business – Impact of COVID-19 on our business and operation" in this prospectus.

RISK FACTORS

Our business is subject to a number of risks and there are risks relating to investment in the Offer Shares. We believe that the following are some of the major risks that may have a material adverse effect on us: (i) our Group's business and operation depend on our suppliers' ability to duly supply products and raw materials to us and our business relationship with our suppliers; (ii) we generally do not enter into long-term agreements with our customers and some of our customer with substantial bargaining power account for a significant portion of our revenue; (iii) increase in the costs of products sourced from suppliers or costs incurred in our logistics operations and our exposure to foreign currency risk may materially affect our results of operations; (iv) our Group may fail to secure distributorship from suppliers of Third-Party Brand Products due to suppliers' general preference for self-owned warehouses; (v) our Own-Brand Sales depend on the strength of our brands and our reputation and any failure to maintain and enhance both our brands and our reputation may materially and adversely affect market recognition of, and confidence in, our Own-Brand Products; and (vi) our measures to avoid excessive competition and cannibalisation among products available under different brands may not be effective. Please refer to the section headed "Risk Factors" for further details. Investors should read the entire section before deciding to invest in the Offer Shares.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

"4M2021"	the four months ended 30 April 2021
"4M2022"	the four months ended 30 April 2022
"Accountants' Report"	the accountants' report set out in Appendix I to this prospectus
"active customers"	our customers which have placed purchase order(s) with us in a particular financial year or period
"affiliate(s)"	any other person(s), directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Alor Setar WH"	our self-owned warehouse located at No. 812-D, Jalan Perusahaan 10, Taman Bandar Baru, 05150 Alor Setar, Kedah Darul Aman, Malaysia
"application lists"	the application lists for the Hong Kong Public Offering
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company adopted on 14 July 2022 and effective on the Listing Date as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"AUD"	Australian dollars, the lawful currency of Australia
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of our Company
"Brand A"	a British ice-cream and frozen dessert brand
"Brand B"	a New Zealand brand offering nutritional dairy products made from milk sourced from New Zealand

"business day(s)"	any day(s) (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business to the public
"BVI"	the British Virgin Islands
"CA Soon"	Mr. Soon Chiew Ang, an executive Director, a Controlling Shareholder, son of TO Soon and CH Tan, brother of SB Soon, LS Soon and SL Soon and brother-in-law of ML Ng
"Capitalisation Issue"	the issue of 722,999,800 Shares to be made upon capitalisation of an amount of HK$7,229,998 standing to the credit of the share premium account of our Company referred to under "Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our Sole Shareholder" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by (i) instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf, or (ii) if you are an existing CCASS Investor Participant, giving electronic application instructions through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CH Tan"	Ms. Tan Sui Hong @ Tan Chiu Hong, wife of TO Soon, mother of the Soon Siblings and mother-in-law of ML Ng
"Chop Chin Huat"	Chop Chin Huat Sendirian Berhad, a private company limited by shares incorporated in Malaysia on 12 January 1989, and an indirect wholly-owned subsidiary of our Company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies Act"	the Companies Act (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Swang Chai Chuan Limited (雙財莊有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 February 2019
"Concert Parties Confirmatory Deed"	the confirmatory deed dated 9 February 2021, entered into by the Soon Siblings, CH Tan and ML Ng, to acknowledge and confirm, among other things, that they are parties acting in concert in relation to our Group, details of which are set out in the paragraphs headed "History, Development and Reorganisation – Parties acting in concert" in this prospectus

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the case of our Company, unless the context requires otherwise, refers to Soon Holdings and the Soon Siblings
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Deed of Indemnity"	the deed of indemnity dated 14 July 2022 entered into by our Controlling Shareholders in favour of our Company, the particulars of which are set out in the paragraph headed "Statutory and General Information – E. Other information – 1. Tax and other indemnities" in Appendix IV to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 14 July 2022 entered into by our Controlling Shareholders in favour of our Company, the particulars of which are set out in the paragraph headed "Relationship with our Controlling Shareholders – Non-competition undertakings" in this prospectus
"Director(s)"	the director(s) of our Company
"Eastern Peninsular Malaysia"	includes Kelantan, Terengganu and Pahang
"EC Maju Frozen"	EC Maju Frozen Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 2 March 2012
"EURO"	euro, the lawful currency of certain member states of the European Union
"F&S"	Frost & Sullivan International Limited, an independent industry consultant, which is an independent third party
"F&S Report"	an industry report commissioned by us and prepared by F&S on the overview of the industry in which our Group operates

"FRC"	the Financial Reporting Council of Hong Kong
"FY2019"	the financial year ended 31 December 2019
"FY2020"	the financial year ended 31 December 2020
"FY2021"	the financial year ended 31 December 2021
"FY2022"	the financial year ending 31 December 2022
"FY2023"	the financial year ending 31 December 2023
"FY2024"	the financial year ending 31 December 2024
"GBP"	British pounds, the lawful currency of the United Kingdom
"Global Offering"	the Hong Kong Public Offering and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by **HK eIPO White Form** Service Provider
"Group", "we, "us" or "our"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HK$" or "Hong Kong dollar(s)"	Hong Kong dollar(s), the lawful currency of Hong Kong
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting an application online through the designated website at **www.hkeipo.hk** or in the **IPO App**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** Service Provider designated by our Company, as specified on the designated website at **www.hkeipo.hk** or in the **IPO App**
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong", "HKSAR" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
"Hong Kong Government"	the Government of the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 24,100,000 new Shares initially being offered by us for subscription under the Hong Kong Public Offering, subject to adjustments as described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer by us of the Hong Kong Offer Shares for subscription by the members of the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%), payable in full on application, and subject to the terms and conditions described in this prospectus, as further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering whose names are set out in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 5 August 2022 relating to the Hong Kong Public Offering entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators and the Hong Kong Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"IASB"	International Accounting Standards Board

"IFRSs"	International Financial Reporting Standards issued by the IASB
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected person(s) (within the meaning of the Listing Rules) of our Company
"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters at the Offer Price to selected professional, institutional, corporate and/or other investors as set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"International Placing Shares"	the 216,900,000 new Shares being initially offered by us for subscription pursuant to the International Placing, together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Underwriter(s)"	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement to underwrite the International Placing Shares
"International Underwriting Agreement"	the underwriting agreement relating to the International Placing to be entered into by our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators and the International Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"**IPO App**"	the mobile application for **HK eIPO White Form** service which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**
"Johor Bahru WH"	our self-owned warehouse located at No. 7, Jalan Ekoperniagaan 1/9, Taman Ekoperniagaan, 81100 Johor Bahru, Johor Darul Takzim, Malaysia

"Joint Bookrunners"	Sunny Fortune Capital Limited, Elstone Securities Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMBC Securities Company Limited, Haitong International Securities Company Limited and Phillip Securities (Hong Kong) Limited, being the joint bookrunners of the Global Offering
"Joint Global Coordinators"	Sunny Fortune Capital Limited and Elstone Securities Limited, being the joint global coordinators of the Global Offering
"Joint Lead Managers"	Sunny Fortune Capital Limited, Elstone Securities Limited, BOCOM International Securities Limited, China Galaxy International Securities (Hong Kong) Co., Limited, CMBC Securities Company Limited, Haitong International Securities Company Limited and Phillip Securities (Hong Kong) Limited, being the joint lead managers of the Global Offering
"JPY"	Japanese Yen, the lawful currency of Japan
"Kota Bharu WH"	our self-owned warehouse located at S/44, PT 2458, No. 4941, Jalan Padang Tembak, 16100 Kota Bharu, Kelantan Darul Naim, Malaysia
"Kuala Terengganu WH I(A)"	our self-owned warehouse located at PT 2986, Kawasan Miel Chendering, Jalan Permint Jaya, 21080 Kuala Terengganu, Terengganu Darul Iman, Malaysia
"Kuala Terengganu WH I(B)"	our prospective self-owned warehouse located at MBKT – PT 2980 (4841), Kawasan Perindustrian Chendering, Chendering, 21080 Kuala Terengganu, Terengganu, Malaysia
"Kuala Terengganu WH II"	our leased warehouse located at Lot 24670 & 24671, Kawasan Perindustrian Gong Badak, Jalan Gong Badak, 21300 Kuala Nerus, Terengganu Darul Iman, Malaysia
"Kuantan WH"	our leased warehouse located at Lot PT 122352 (HSD 44589), Lot Baru 153226, Jalan Industri Semambu 10/5 25300 Kuantan, Pahang Darul Makmur, Malaysia

"Kuantan WH (HQ)"	our self-owned warehouse located at Lot 147A, Kawasan Perindustrian Semambu, 25300 Kuantan, Pahang Darul Makmur, Malaysia
"KW Ng"	Ms. Ng Kar Wei, spouse of CA Soon, daughter-in-law of TO Soon and CH Tan, and sister-in-law of SB Soon, LS Soon and SL Soon
"Latest Practicable Date"	29 July 2022, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date expected to be on or about Friday, 19 August 2022, on which dealings in the Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time
"LS Soon"	Ms. Soon Lee Shiang, a Controlling Shareholder, daughter of TO Soon and CH Tan, sister of the Soon Brothers and sister-in-law of ML Ng
"LX Yang"	Ms. Yang Lixia, spouse of SL Soon, daughter-in-law of TO Soon and CH Tan, and sister-in-law of SB Soon, LS Soon and CA Soon
"Main Board"	the Main Board of the Stock Exchange
"Malaysian Legal Advisers"	David Lai & Tan, the legal advisers to our Company as to Malaysian laws
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company adopted on 14 July 2022 and effective on the Listing Date as amended or supplemented from time to time, a summary of which is set out in Appendix III to this prospectus
"Mentakab WH"	our self-owned warehouse located at Lot 19384, Jalan Dagang 2, Taman Perindustrian Temerloh, 28400 Mentakab, Pahang Darul Makmur, Malaysia

"ML Ng"	Ms. Ng Mee Lam, spouse of SB Soon, daughter-in-law of TO Soon and CH Tan, and sister-in-law of CA Soon, LS Soon and SL Soon
"Mondelez"	Mondelez Malaysia Sales Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 11 January 2001, and one of the five largest suppliers of our Group during the Track Record Period
"Nomination Committee"	the nomination committee of our Board
"Northern Peninsular Malaysia"	includes the states of Perlis, Kedah, Penang and Perak
"NSB Marketing"	NSB Marketing Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 29 September 2015
"NZD"	New Zealand Dollar, the lawful currency of New Zealand
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for or issued pursuant to the Global Offering, to be determined in the manner further described in the section headed "Structure and Conditions of the Global Offering" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Placing Shares, together with, where relevant, any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to which our Company may be required to allot and issue up to an aggregate of 36,150,000 additional Shares at the Offer Price, representing approximately 15% of total number of Offer Shares initially available under the Global Offering, to cover over-allocation in the International Placing, if any

"Own Brand(s)"	our own brands, such as *CED*, *Mega Fresh*, *Mega Food*, *Sayangku* and *Snowcat*
"Own-Brand Product(s)"	products sold by us under our own brands
"Own-Brand Sales"	sales of Own-Brand Products
"Own Product(s)"	includes our Own-Brand Products and White-Label Products
"Own-Product Sales"	sales of Own Products
"Peninsular Malaysia"	also known as West Malaysia and comprises Western Peninsular Malaysia, Southern Peninsular Malaysia, Northern Peninsular Malaysia and Eastern Peninsular Malaysia
"Perai WH"	our leased warehouse located at 1169, Lorong Perindustrian Bukit Minyak 17, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Tengah, Pulau Pinang, Malaysia
"Perak WH"	our warehouse and logistics service providers' warehouse located at 25 & 25A, Lorong Klebang Utara 16, Kawasan Perindustrian Bandar Baru, 31450 Menglembu, Perak
"PRC" or "China"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only and except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region and Taiwan region
"Price Determination Agreement"	the agreement to be entered into by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Thursday, 11 August 2022, and in any event, not later than Friday, 12 August 2022, or such other date as may be agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), on which the Offer Price is determined by entering into the Price Determination Agreement

"Principal Share Registrar"	Appleby Global Services (Cayman) Limited, our Cayman Islands principal share registrar and transfer office
"Private Group"	the entities which are under the control of (or 50% or more of the issued share capital of which are owned by) our Controlling Shareholders collectively or individually except for their interest in our Group
"Puchong WH I"	our self-owned warehouse located at No. 6 & 8, Jalan TPP 5/8, Taman Perindustrian Puchong, Batu 12, 47100 Puchong, Selangor Darul Ehsan, Malaysia
"Puchong WH II"	our warehouse and logistics service providers' warehouse located at No. 3, Jalan Perindustrian Puchong, Bandar Metro Puchong, 47160 Puchong, Selangor, Malaysia
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing, details of which are set in the paragraph headed "History, Development and Reorganisation – Reorganisation" in this prospectus
"Reorganisation Agreement"	the reorganisation agreement dated 21 January 2021 entered into between our Company, Soon Holdings, SB Soon, LS Soon, SL Soon and CA Soon pursuant to which our Company acquired the entire issued share capital of SCC Holdings from Soon Holdings
"RM" or "Malaysian Ringgit"	Malaysian ringgit, the lawful currency of Malaysia
"SB Soon"	Mr. Soon See Beng, an executive Director, a Controlling Shareholder, son of TO Soon and CH Tan, husband of ML Ng, and brother of LS Soon, SL Soon and CA Soon
"SCC HK"	Swang Chai Chuan (HK) Limited (formerly known as Swang Chai Chuan Limited), a company incorporated in Hong Kong on 29 January 2019 with limited liability and an indirect wholly-owned subsidiary of our Company
"SCC Holding Malaysia"	Swang Chai Chuan Holding Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 17 December 2018 and an indirect wholly-owned subsidiary of our Company

"SCC Holdings"	SCC Holdings Limited, a company incorporated in the BVI on 27 December 2018 with liability limited by shares and a direct wholly-owned subsidiary of our Company
"SCC Logistics"	SCC Logistics Sdn. Bhd. (formerly known as EC Maju Cold Chain Logistics Sdn. Bhd.), a private company limited by shares incorporated in Malaysia on 14 January 2013, and an indirect wholly-owned subsidiary of our Company
"SCC Seafood"	Swang Chai Chuan Seafood Sdn. Bhd. (formerly known as DNG Batik Sdn. Bhd.), a private company limited by shares incorporated in Malaysia on 26 October 1998, and an indirect wholly-owned subsidiary of our Company
"SCCM"	SCC Marketing (M) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 10 November 2003, and an indirect wholly-owned subsidiary of our Company
"SCCM East Coast"	SCC Marketing (East Coast) Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 14 August 2000, and an indirect wholly-owned subsidiary of our Company
"SCCM Pahang"	SCC Marketing (Pahang) Sdn. Bhd. (formerly known as PC Solutions Software Sdn. Bhd.), a private company limited by shares incorporated in Malaysia on 18 June 1996, and an indirect wholly-owned subsidiary of our Company
"SCCSB"	Swang Chai Chuan Sdn. Bhd., a private company limited by shares incorporated in Malaysia on 28 March 1995, and an indirect wholly-owned subsidiary of our Company
"Seremban WH I"	our self-owned warehouse located at No. 11 & 13, Jalan Lombong Emas 13, Kawasan Perusahaan Ringan, Jalan Tun Dr Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia

"Seremban WH II"	our leased warehouse located at No. 25, Jalan Lombong Emas 13, Kawasan Industri Ringan, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shah Alam WH"	our warehouse and logistics service providers' warehouse located at Lot 39563, Jalan Jaya Setia 26/3, Seksyen 26 40460 Shah Alam, Selangor Darul Ehsan
"Share(s)"	ordinary share(s) with par value of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme approved and conditionally adopted by our Company on 14 July 2022, the principal terms of which are summarised in the paragraph headed "Statutory and General Information – D. Share option scheme" in Appendix IV to this prospectus
"Shareholder(s)"	the holder(s) of the Share(s)
"SL Soon"	Mr. Soon See Long, an executive Director, a Controlling Shareholder, son of TO Soon and CH Tan, brother of SB Soon, LS Soon and CA Soon, and brother-in-law of ML Ng
"Sole Sponsor"	Sunny Fortune Capital Limited *(formerly known as TD King Capital Limited)*, the sole sponsor for the Listing and a corporation licensed under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
"Soon Brothers"	SB Soon, SL Soon and CA Soon, who are brothers
"Soon Family"	the Soon Siblings together with TO Soon who is their late father, CH Tan who is their mother, and ML Ng who is the spouse of SB Soon

"Soon Holdings"	Soon Holdings Limited, a company incorporated in the BVI on 27 December 2018 with liability limited by shares, a Controlling Shareholder and owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon
"Soon Siblings"	SB Soon, SL Soon, CA Soon and LS Soon, who are siblings
"Southern Peninsular Malaysia"	includes the states of Melaka and Johor
"Stabilising Manager"	Elstone Securities Limited
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between Soon Holdings and the Stabilising Manager on or about the Price Determination Date
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
"TH Lim"	Mr. Lim Tau Hong, spouse of LS Soon, son-in-law of TO Soon and CH Tan, and brother-in-law of SB Soon, CA Soon and SL Soon
"THAI-BAHT"	Thai baht, the lawful currency of Thailand
"Third-Party Brand(s)"	brands owned by third parties, as opposed to our Own Brands
"Third-Party Brand Distribution"	distribution and sales of Third-Party Brand Products
"Third-Party Brand Product(s)"	products distributed and sold by us under brands owned by third parties
"TO Soon"	Mr. Soon Tian Ong, late husband of CH Tan, late father of the Soon Siblings and late father-in-law of ML Ng

"Track Record Period"	FY2019, FY2020, FY2021 and 4M2022
"Underwriters"	the Hong Kong Underwriters and the International Underwriters, details of which are set out in the section headed "Underwriting" in this prospectus
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"Western Peninsular Malaysia"	includes the states of Selangor and Sembilan and the federal territories of Kuala Lumpur and Putrajaya
"White Label(s)"	a term used to describe our products sold without brand
"White-Label Product(s)"	products sold by us without brand
"White-Label Sales"	sales of White-Label Products
"sq.m."	square meter
"%"	per cent

Unless expressly stated or the context requires otherwise: (i) amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and (ii) solely for your convenience, this prospectus contains translations of certain RM into HK$ at specified rates. You should not construe these translations as representations that RM could actually be, or have been, converted in to HK$ at the rate indicated or at all. Unless we indicate otherwise, the translations of RM into HK$ have been made at the rates of HK$1.00 : RM0.52.

This glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"ASP"	The average selling price is calculated by dividing the revenue by the total number of units sold of a particular category of goods
"CAGR"	compounded annual growth rate
"CBM"	cubic metre
"ERP"	enterprise resource planning systems that integrate internal and external management information across an entire organisation, comprising business activities such as finance and accounting, inventory, sales, service and customer relationship management, and automate these activities with an integrated software application
"F&B"	food and beverage
"FMCG"	fast-moving consumer goods
"GDP"	gross domestic product
"HACCP"	the Hazard Analysis and Critical Control Point system
"Halal"	a certification which recognises that the products are permissible under the Laws of Islam and are consumable and usable by Muslims
"Halal food"	a terminology as defined in section 3(1) of the Trade Description Act 2011
"HORECA"	an abbreviation of the words Hotel/Restaurant/Café, which is used mainly in the food service and hotel industries and also refers to other catering and beverage service operators such as bars and taverns
"ISO"	the International Organisation for Standardisation

"ISO 22000:2005"	a standard developed by ISO specifying the requirements for a food safety management system where an organisation needs to demonstrate its ability to control food safety hazards in order to ensure that food is safe for human consumption
"MS"	the Malaysian Standard
"MS 1480:2019"	a Malaysian standard according to HACCP system which specifies the requirements for ensuring food safety during preparation, processing, manufacturing, packaging, storage, transportation, distribution, handling or offering for sale or supply in any sector of the food chain
"MS 1514:2009"	a Malaysian standard which sets out the necessary hygiene conditions for producing food which is safe and suitable for consumption in food manufacturing
"OEM supplier"	an original equipment manufacturer, which is a company that manufactures products in accordance with its customer's designs and specification, and the products are then marketed and sold under the customers' brand names
"SKU"	stock-keeping unit, a unique alphanumeric code or identifier for each distinct product

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section headed "Risk Factors" in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business prospects;
- future events and developments, trends and conditions in the industry and markets in which we operate or plan to operate;
- our business strategies and plans to achieve these strategies;
- our objectives and expectations regarding our future operations, profitability, liquidity and capital resources;
- general economic, political and business conditions in the industry and markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we conduct or may conduct our business;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "project", "propose", "seek", "should", "target", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations relating to any aspect of our business or operations;

- general economic, market and business conditions, including the sustainability of the economic growth;

- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices;

- business opportunities and expansion that we may pursue; and

- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this prospectus.

Prospective investors should consider carefully all of the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Offer Shares. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations, and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these risks and you may lose all or part of your investment.

We believe that there are certain risks involved in our business and operations. These risks can be classified into: (i) risks relating to our business; (ii) risks relating to the industry in which we operate; (iii) risks relating to our operations in Malaysia; (iv) risks relating to the Global Offering; and (v) risks relating to the statement in this prospectus.

RISKS RELATING TO OUR BUSINESS

Our Group's business and operation depend on our suppliers' ability to duly supply products and raw materials to us and our business relationship with our suppliers.

During the Track Record Period, we sourced our F&B products from independent suppliers. Our suppliers for Third-Party Brand Products play a vital role in our F&B distribution and sales business in that we rely on their ability and efficiency to supply large quantities of products to us for onward supply to our customers. Similarly, we also rely on our OEM suppliers and raw material suppliers, in particular, they are responsible for most of the manufacturing process of our Own Products, except for the processing of some of these products by ourselves. However, we generally do not enter into exclusive distribution agreements with our suppliers for Third-Party Brand Products, and save for the non-exclusive distribution agreements with some of our major suppliers, we generally do not enter into any long-term supply agreements with our raw material suppliers and thus, most of our OEM suppliers generally transacted with us on a transaction-by-transaction basis during the Track Record Period. Although our procurement team monitors our business relationships with our suppliers, there is no assurance that our suppliers will continue to supply products to us with desired quality and in required quantities, in a timely manner and on terms commercially acceptable to us.

It is also possible that our major suppliers may suffer financial or other difficulties, adversely affecting their ability to continue to supply products to us, which in turn could have an adverse effect on the business of our Group. In addition, we cannot guarantee that we will not have any material dispute with our major suppliers in the future in connection with the performance of a party's obligations or the scope of a party's responsibilities under the relevant supply agreement or terms of order. Hence, if we fail to maintain business relationships with our major suppliers, or to obtain supplies from alternative sources on a timely basis or on commercially reasonable terms, our ability to deliver our products to our customers on a timely basis or in the required quantities could be adversely affected, which would in turn have a material adverse effect on our business, results of operations and financial condition.

Furthermore, we also sell certain products such as dairy products, organic products and pet care products under our major Own Brands, namely *CED*, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT and White-Label Products including frozen seafood and frozen meat, which are purchased from our suppliers. The revenue generated from sales of our Own-Brand Products for FY2019, FY2020, FY2021 and 4M2022 amounted to approximately RM51.6 million, RM68.5 million, RM86.3 million and RM31.9 million, respectively, representing approximately 10.4%, 12.1%, 12.9% and 12.0% of our total revenue for the respective years/period whilst the revenue derived from our White-Label Products amounted to approximately RM40.9 million, RM37.6 million, RM39.2 million and RM20.0 million, representing approximately 8.2%, 6.7%, 5.9% and 7.5% of our total revenue for FY2019, FY2020, FY2021 and 4M2022, respectively. Although currently we have no concrete plan to promote our Own-Brand Products or White-Label Products over Third-Party Brand Products and we have tried to avoid any excessive competition, there may still be direct or indirect competition between our Own-Brand Products or White-Label Products and the Third-Party Brand Products. If we fail to promptly and actively manage such competition, our suppliers, particularly suppliers of Third-Party Brand Products, may not be willing to supply products to us with desired quality and in required quantities, in a timely manner and on terms commercially acceptable to us, or at all. For more information, please refer to the paragraphs headed "Business – Measures to avoid excessive competition and cannibalisation".

We generally do not enter into long-term agreements with our customers and some of our customers with substantial bargaining power account for a significant portion of our revenue.

Our customers generally comprise hypermarkets and supermarkets, provision shops, convenience stores and kiosks, HORECA etc., which make purchases from us based on consumers' demands. We generally do not enter into long-term agreements with the above customers for the sale of our products except for major customers that are large retail chains, which set forth the general terms in their trading terms agreements with us during the Track Record Period. Since our customers are generally not obligated to retain their business relationships with us or to continue purchasing products from us, we cannot assure you that the volume, number and/or purchase price of our customers' orders will remain constant or increase, or that we will be able to maintain or add to our existing customer base. If any of these customers decides to reduce their orders or terminate their business relationships with us and we fail to expand our business with existing customers or attract new customers, we may experience no growth or even a decrease in our revenue, and hence our business, financial condition and results of operations could be materially and adversely affected.

On the other hand, our major customers are mainly hypermarkets and supermarkets, which are well-established retail chains and have significant bargaining power when they purchase products from us. For instance, our largest customer during the Track Record Period is a retail chain in Malaysia which accounted for approximately 7.8%, 8.7%, 9.1% and 9.0% of our revenue, respectively, in that period. These customers may be in a position to decline our request for a price increase or to actively request lower prices and, if they do, our product sales and thus results of operations in relation to sales to these customers could experience no growth or even be adversely affected.

Increase in the costs of products sourced from suppliers or costs incurred in our logistics operations and our exposure to foreign currency risk may materially affect our results of operations.

Our results of operations are susceptible to increases in the cost of sales, which primarily consists of cost of inventories sold. For FY2019, FY2020, FY2021 and 4M2022, our cost of inventories sold amounted to approximately RM423.5 million, RM475.1 million, RM562.4 million and RM223.6 million, respectively. Please refer to the paragraphs headed "Financial information – Key factors affecting our results of operations – Inventories" in this prospectus for the sensitivity analysis on our cost of inventories sold, based on hypothetical fluctuations in our cost of inventories sold and their effects on our profit before tax during the Track Record Period. A rise in the cost of inventories sold may be caused by various external factors over which we have no control, such as seasonality, fluctuations in supply and demand and other economic conditions, availability and quality of ingredients or raw materials. Recent fluctuations in inflation and crude oil price may also increase our cost of purchase. For instance, as we purchase certain imported products or raw materials outside Malaysia, the logistics costs of such products or raw materials could be affected by the fluctuation of crude oil price, which may in turn affect the costs of our purchase. If the costs of our purchase rise as a result, we may have to reflect the increase in our pricing of the relevant products. And if we are unable to pass on all of the increased costs to our customers through increasing the price of our products, our overall results of operations and financial condition could be materially and adversely affected.

Moreover, as we purchase some of our products from overseas markets, we may have to pay our suppliers with foreign currencies, such as AUD, EURO, NZD, THAI-BAHT and USD, which may be affected by the fluctuations of the exchange rate between Malaysian Ringgit and the foreign currency and may further affect our cost of purchase. For further details about our currency conversion and exchange rate risks, please refer to the paragraphs headed "Risks relating to our operations in Malaysia – We are exposed to currency conversion and exchange rate risks." in this section.

Overall, if we are unable to obtain the requisite quantities of products at commercially reasonable prices in accordance with our customers' requirements, our business could be adversely affected. In the event that our cost of inventories sold increase in the future and we are unable to pass the increase in cost onto our customers immediately, our results of operations may be affected.

Moreover, inflation in the costs we incur in our logistics operations, such as the costs of deploying and operating our logistics vehicles and the costs of engaging external transportation service providers, may also be resulted from different external factors, including a rise in crude oil price over which we have no control. If the costs in relation to our logistics operations rise as a result of inflation and if we are unable to pass all of the increased costs to our customers, our overall results of operations and financial condition could be materially and adversely affected.

Our Group may fail to secure distributorship from suppliers of Third-Party Brand Products due to suppliers' general preference for self-owned warehouses.

During the Track Record Period, our self-operated warehouses include both self-owned and leased warehouses, and we also leased storage spaces from external warehouse and logistics service providers on an as-needed basis for storage of our inventories and delivery of the same to our customers. In FY2020, we had attempted to secure distributorship of products supplied by a major supplier in Western Peninsular Malaysia, but were eventually declined by the supplier, partly due to, to the best knowledge and belief of our Directors, brand owners' general preference for distributors which can deploy self-owned warehouses with sufficient storage spaces for their products. For further details, please refer to the paragraphs headed "Business – Business strategies – I. Further enhancing our distribution and sales capabilities by investing in cold chain and other infrastructure – (i) Setting up a new warehouse with cold storage facilities and upgrading our self-owned warehouses with advanced features – Setting up a new warehouse – (D) Estimated and indicative demand arising from new business" in this prospectus.

While we strive to expand our distribution network by acquiring or setting up new self-owned warehouses and reducing our reliance on leased storage spaces, there is no assurance that we will have self-owned warehouses with sufficient and available storage capacity in the areas where we attempt to secure new or maintain existing distributorships. If we are unable to provide sufficient self-owned storage spaces for prospective or existing distribution of products from new or existing suppliers of Third-Party Brand Products, we may not be able to secure new or maintain existing distributorships of Third-Party Brand Products, which may in turn materially and adversely affect our product and brand portfolio, overall results of operations and financial condition.

Our Own-Brand Sales depend on the strength of our brands and our reputation and any failure to maintain and enhance both our brands and our reputation may materially and adversely affect market recognition of, and confidence in, our Own-Brand Products.

Our Directors consider that our brands and reputation are critical to the success of our Own-Brand Products and believe that our brands are recognised among our customers in terms of quality of our products and reliability of our services. From FY2019 to FY2021, our revenue generated from our Own-Brand Products has gradually increased from approximately RM51.6 million for FY2019 to approximately RM68.5 million for FY2020, and to approximately RM86.3 million for FY2021 and increased from approximately RM28.2 million for 4M2021 to approximately RM31.9 million for 4M2022. Our ability to develop, maintain and enhance the image and recognition of our Own Brands will depend on a number of factors and, in particular, our brands, reputation and product sales could be materially and adversely affected if:

- our Own-Brand Products are frequently damaged or defective;
- our Own-Brand Products fail to meet the expectations or requirements of our customers;
- our customer services including our sales support and after-sales services are considered ineffective and unsatisfactory by our customers;
- we fail to deliver our Own-Brand Products on time;
- we are subject to product liability claims; or
- we are subject to significant product recalls.

Failure to protect our brands and/or reputation may lead to reduction in customer orders which may materially and adversely affect our business and results of operations.

Our measures to avoid excessive competition and cannibalisation among products available under different brands may not be effective.

Some of our products are available under different brands in our brand portfolio and any product overlap may give rise to an inherent risk of excessive competition and potential cannibalisation amongst the brands. In view of this, we will perform certain measures to minimise such risk. Please refer to the paragraphs headed "Business – Measures to avoid excessive competition and cannibalisation" for further details. If these measures are ineffective, excessive competition and cannibalisation may arise and adversely affect the sales performance of our Third-Party Brand Products and/or Own Products. Also, our suppliers may not be willing to supply products to us with desired quality and in required quantities, in a timely manner and on terms commercially acceptable to us, or at all. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our business and operations may be materially and adversely affected if the global COVID-19 prolongs or any new variant of the COVID-19 pandemic develops.

The global widespread of COVID-19, which is considered to be highly contagious, has posed a serious public health threat in Malaysia and the countries from which our products are imported. To contain the spread of COVID-19, the Malaysia government has announced measures, including travel restrictions, 14-day quarantine for travellers or returners from affected regions and safe distancing measures in order to reduce risk of local transmission of COVID-19. It also imposed tough measures across Malaysia, including the "Movement Control Order" ("**MCO**") and "Conditional Movement Control Order" ("**CMCO**") with effect from 18 March 2020, which had been extended several times over the course of two months until 9 June 2020. Malaysia was then expected to move into the Recovery Movement Control Order ("**RMCO**") phase. However, in view of the third wave of COVID-19, CMCO was reinstated in certain states and regions in Malaysia since October 2020, which had been subsequently extended to most states until 31 December 2020. During the implementation of MCO, most government and private premises are closed except for those for provision of essential services including, among others, retail and food supply and there is a general prohibition of mass movements and gatherings across Malaysia, 14-day quarantine for returners and prohibition of foreigners entering Malaysia and thus, most business, social and other activities have to be suspended. Our Directors believe that the business and operations of our customers, particularly, HORECAs, have been severely affected as all social dinning activities have to be suspended. There is also no assurance that our overseas suppliers or the manufacturers from the countries affected by COVID-19, which may impose similar tough measures, would be able to (a) maintain their normal business operation without disruptions; and/or (b) continue to supply products to us as usual in the event that restrictions on freight logistics are imposed, and there is no guarantee that we would be able to purchase products from these suppliers with volume similar to that before if COVID-19 pandemic persists for a substantial period. The situation will be worse off if the spread of COVID-19 pandemic intensifies whereby our supply of products from overseas countries will also be disrupted, particularly when there is any transportation bans or restrictions following escalation of the spread of COVID-19 or the development of new variants of COVID-19 pandemic.

Hence, the outbreak of COVID-19 pandemic may disrupt not only our operations but also the operations of both our overseas and domestic suppliers and domestic customers, particularly the HORECAs. If the development of the COVID-19 pandemic persists or becomes more severe whereby our customers and suppliers are forced to close down all or part of their businesses after prolonged disruptions to their operations, we may experience a delay or shortage of supplies from our suppliers, or termination of our orders by our customers. In such event, our operations may be severely disrupted which may have a material and adverse effect on our business, financial conditions and results of operations.

Further, with the re-opening of the borders of Malaysia on 1 April 2022, whereby, amongst others, Malaysian will be able to enter or leave the country as usual with valid travel documents and at the same time visitors to Malaysia with valid travel documents can also enter and leave the country without applying for a pass. For fully vaccinated travellers, quarantine upon arrival is no longer required and only a RT-PCR test to be done 2 days prior to departure to Malaysia together with a professional RTK-Ag test to be done within 24 hours upon arrival is required.

The Malaysian government has further revised on the standard operating procedures in Malaysia where more relaxations are implemented and came into effect on 1 May 2022. In particular, all businesses are allowed to operate from 15 May 2022.

In addition, if any of our employees are suspected of having contracted COVID-19 pandemic, some or all of our employees may be quarantined and we will be required to disinfect our workplace, our warehouses and/or our processing facilities. If it happens, we may face a shortage of labour and our operations may be severely disrupted.

Our revenue and profitability may also be materially affected if the outbreak of COVID-19 pandemic affects the overall economic and market conditions in Malaysia and the economy slowdown and/or negative business sentiment could potentially have an adverse impact on our business and operations. We are uncertain as to when the outbreak of COVID-19 pandemic will be contained, and we also cannot predict if the impact of the outbreak will be short-lived or long-lasting. If the outbreak of COVID-19 pandemic is not effectively contained within a short period of time, our business, financial condition, results of operations and prospects may be materially and adversely affected. For further details of the potential effects of COVID-19 pandemic on our business and operations, please refer to the sections headed "Summary – Recent developments and no material adverse change" and "Business – Impact of COVID-19 on our business and operations" in this prospectus.

Changes in end-consumers' preference, consumer spending patterns and general economic conditions could cause sales to decline.

Our customers generally comprise hypermarkets and supermarkets, provision shops, convenience stores and kiosks, school canteens, HORECA, etc., which purchase from us pursuant to the then prevailing market trend of different varieties of products and end consumers' demands. As such, our sales could be affected by a number of factors beyond our control, including, among other things, changes in end-consumers' spending level and preferences, general economic conditions in Malaysia and discretionary spending priorities, which affect the demand for our products. The end-consumers' spending level and preferences are affected by an array of general factors, such as level of disposable income, taxation, unemployment level, consumer confidence, general market, social, political, economic and public health conditions (including COVID-19), media influences, etc. Any unfavourable changes to these factors may result in lower consumer spending, adversely affecting the industries in which our customers engaged in, which would indirectly lead to uncertainty in regards to the market demand for our products. If we fail to adjust our product mix and brand mix to adapt to changes in customer preferences and trends, our products may lose attractiveness to end consumers, which would also result in a loss of customers, and our sales may deteriorate accordingly. Negative consumer sentiment is often noted during economic downturn. As such, our sales may decline during future economic downturns, which may affect our operating results, profits, business or financial condition.

Our Group faces the risk of obsolescence for our inventories.

Our operations involve storage and stocking of a broad range of products with a focus on F&B products in our warehouses which have specified shelf life up to approximately 36 months. Our inventories, net of write-down provisions, as at 31 December 2019, 2020, 2021 and 30 April 2022 were approximately RM43.9 million, RM45.0 million, RM56.3 million and 63.6 million, respectively, and our inventory turnover days for FY2019, FY2020, FY2021 and 4M2022 were approximately 36 days, 34 days, 32 days and 32 days, respectively. In light of the nature of our products, our Group has set up features in our existing ERP system to allow our staff to monitor the inventory level and minimise incidences of overstocking. Our inventory inevitably faces obsolescence risks where, for instance, there are unexpected material fluctuations or abnormalities in the supply and demand of our products by suppliers and customers, respectively or where there are changes in end-consumers' tastes and preferences, which may lead to decreased demand and overstocking of particular products.

In addition, the nature of some of our products such as frozen food and dairy products, require storage maintained at different level of frozen conditions in our warehouses with cold storage facilities. Any unexpected and adverse changes in the optimal storage conditions of our warehouses with cold storage facilities may expedite the deterioration of such products and in turn heighten the risk of inventory obsolescence or exposure to litigation matters.

We rely on external warehouse and logistics service providers for the storage of our inventories on an as-needed basis.

During the Track Record Period, since our self-owned and leased warehouses had almost reached their full utilisation rate, our Group relied on external warehouse and logistics service providers for the storage and delivery of our inventories on an as-needed basis. Our products are generally stored in our eight self-owned and four leased warehouses which are strategically located in major regions in Peninsular Malaysia. During the Track Record Period, the weighted average utilisation rate was approximately 86.4%, 87.1%, 79.5% and 85.6%, respectively, for our self-operated warehouses, which was close to being fully utilised. For further details of third-party warehouse and logistics service providers, please refer to the paragraphs headed "Our warehouses – Warehouse and logistics service providers" in this prospectus.

There is no assurance that the external warehouse and logistics service providers engaged by our Group will continue working with our Group or to fulfil our needs and expectations in terms of cost and quality of service. In the event that such external warehouse and logistics service providers are not able to fulfil our requirements, or we are unable to maintain the existing arrangements with them on favorable terms or should any of them terminate the service agreement between us, and we are not able to seek alternative warehouse and logistics service providers in a timely manner and/or at reasonable prices, our business operations and our financial conditions could be adversely affected.

Further, as elaborated in the paragraphs headed "Risks relating to our business – Our Group may fail to secure distributorship from suppliers of Third-Party Brand Products due to suppliers' general preference for self-owned warehouses." in this section, to the best knowledge and belief of our Directors, suppliers have a general preference for distributors which can deploy self-owned warehouses with sufficient storage spaces for their products. Compared with the use of self-operated warehouses (including leased warehouses), distributors generally have even less control and flexibility in relation to logistics, food safety, quality assurance, etc. if they utilise storage spaces from external warehouse and logistics service providers. As a result, the use of leased storage spaces from external warehouse and logistics service providers may not be acceptable to certain suppliers. If any of our prospective or existing suppliers requires us to deploy self-operated warehouses for their products and we are unable to do so, these suppliers may not supply products to us and our business, financial condition and results of operations could be materially and adversely affected.

We may be subject to claims under product liability or food safety for the products distributed by us.

We are not involved in most of the manufacturing of the products sold by us nor do we have control over their quality save and except for our White-Label Products of frozen seafood or frozen meat that are processed by us, and other products such as honey and salt that are packaged by us, at our processing plant. Our sale of products with a focus on F&B products involves an inherent risk of our products being found to be unfit for human consumption or causing illness, for instance, product contamination or degeneration, illegal tampering by unauthorised third parties or other problems may arise at various stages of production, product transportation and storage. We cannot guarantee that our suppliers are in full compliance with all the relevant health and safety standards, licencing or permits requirements, customs clearance and quality assurance measures in such processes before the supply of products to us.

In addition, certain of our products are offered under our Own Brands and therefore any quality concerns on our Own-Brand Products may have an adverse impact on our business and reputation. We cannot guarantee that all suppliers that supply Third-Party Brand Products to us will fully comply with all the relevant health and safety standards, licencing or permits requirements, customs clearance and quality assurance measures in relation to production, preparation, handling and storage of their products. Also, as concerns our Own-Brand Products such as honey, beans and sugar and White-Label Products including frozen seafood and frozen meat, upon receipt of the products from our suppliers or in the course of subsequent processing, packaging and storage of the White-Label Products in our warehouses, we cannot guarantee that our internal control procedures and quality safeguards will be completely effective in ensuring that the quality of our White-Label Products will not deteriorate as a result of contamination, improper storage conditions or other unforeseeable reasons. Hence, there is no assurance that we will not face any product liability claims or a product recall, or any litigation or legal proceedings, in the future.

Any dispute over the attribution of product liability of our products that may arise would divert our resources in defending legal proceedings and efforts in our business operations, which may adversely affect our results of operations. If we are adjudged to be liable in a personal injury incident, it could also have a material adverse effect on our reputation, business and financial performance.

Any claims or actions regarding our product liability might also adversely affect our company image, reputation and customer preference for our products. Our operational and financial resources, as well as our management attention may be diverted from our business and operations to the defence of such proceedings. Our financial performance may be materially and adversely affected by the potentially substantial legal costs incurred. Our Group's reputation may also be affected during the often-prolonged process of litigation while the outcome remains uncertain. Furthermore, any settlements or judgments against us may strain our financial resources and adversely affect the profitability of our Group.

Adverse publicity about the safeness or quality of our products, whether they are valid or not, may adversely affect the overall consumer confidence in our products and the resultant sales of our products to our customers. Any incident that erodes consumer confidence in or affinity of our products, whether or not justified, could significantly reduce their respective values and damage our business reputation. If there is a decrease in consumer confidence as a result of health concerns or adverse publicity on our products, our business, financial condition and results of operations may be materially adversely affected.

We have limited control over the sales practices and activities of F&B dealers and merchandisers which are our customers.

During the Track Record Period, we sold our products to F&B dealers and merchandisers. We retain no ownership control over the products sold to them, and all material risks and rewards associated with the products are transferred to them upon delivery and acceptance. They are mainly only required to comply with our instructions in regard to strategies and manner for marketing and promotion of the products we sold to them. As a result of the above, we have limited control over the sales practices and activities of the F&B dealers and merchandisers. During the Track Record Period, we have entered into supply agreements with some of them, which generally allow us to terminate the agreement and seek damages in the event of a specific or material breach by them. Although the supply agreements impose contractual obligations on the F&B dealers and merchandisers, there is no assurance that they will at all times strictly adhere to such obligations or other terms and conditions of the agreements. For example, the F&B dealers and merchandisers under the supply agreements may contravene food safety and health laws and regulations in Malaysia or deviate from our instructions on marketing and promotional strategies. Any of the said scenarios could jeopardise the brands and reputations of both our suppliers and our own. It would also have negative impact on consumer perception of our products, which would inevitably damage our relationship with our suppliers. If we are unable to identify any non-compliance incidents or take actions in a timely manner, it may cause us to breach the distribution agreements with our suppliers. We may be entitled to remedies under the terms of the supply agreements, but there is no assurance that such remedies will be sufficient to cover all losses we may incur. All these factors may adversely affect our business, financial condition and results of operations.

The loss of any key members of our management team may impair our Group's ability in maintaining business relationships with our existing suppliers and customers, and identifying and securing new business and the loss of any skilled workforce may hinder the growth of our business.

The success of our business depends on the continual contributions and dedication of our key management team. The key members of our senior management team have extensive experience in the F&B distribution industry. In particular, our executive Directors have in average over 26 years of experience in the industry and possess in-depth knowledge of various aspects of the F&B market development in Malaysia. Since the establishment of our Group, our management team has built amicable and long-lasting business relationships with our suppliers and customers and maintained our Group's reputation. SB Soon, our executive Director, the Chairman of our Board and our chief executive officer, is responsible for the overall business strategic direction, planning, management and operational development of our Group; CA Soon and LS Soon, our executive Directors, are responsible for overseeing the operation and sales management of our Group.

Our Group also relies on our senior management to manage our business successfully. If any key member of our senior management team resigns or otherwise terminates the employment contract, we may not be able to recruit new management members of comparable industry experience and knowledge in a timely manner or at all. In addition, the relationships and reputation that members of the Group's management team have established and maintained with our customers contribute to the Group's ability to maintain good customer relations. The service agreements entered into between our Group and our senior management cannot prevent our senior management from terminating their employment. Hence, the resignation of any of our senior management may impair our Group's ability to maintain business growth and identify and develop new business opportunities or otherwise to manage our business effectively.

On the other hand, our growth also relies on our ability to identify, hire, train and retain suitable and skilled workforce in logistics, sales and marketing, procurement and other personnel to operate our business. We cannot assure you that we will be able to hire and retain an adequate number of qualified and skilled employees to develop and grow our business. The inability to recruit and retain a sufficient number of such employees could limit our ability to grow or our plan to expand our distribution network. Any deterioration of labour relations may adversely affect our operational stability and efficiency. Although we had not encountered any material labour disputes with our employees during the Track Record Period, we cannot assure you that favourable labour relations can continue to be maintained in the future. Any industrial action or strike by our labour force beyond our Group's control may also cause temporary or prolonged disruption to our business operations.

Our cash flow may deteriorate due to potential mismatch in time between receipt of payments from our customers and payments to our suppliers, and we may take a long time to collect our trade receivables.

While our suppliers generally grant us a credit period of up to 60 days, we generally give credit terms to our customers of up to 90 days. As a result, there are often time lags between receiving payments from our customers and making payments to our suppliers, resulting in potential cash flow mismatch. The extent of such cash flow mismatch is illustrated by the differences between our trade payables turnover days and trade receivables turnover days. During the Track Record Period, our trade payables turnover days were approximately 19 days, 22 days, 22 days and 23 days, respectively, while our trade receivables turnover days were approximately 49 days, 47 days, 43 days and 45 days, respectively. For further details please refer to the section headed "Financial Information" in this prospectus. Given such differences during the Track Record Period, in the event that we fail to receive payments from our customers on a timely basis, our cash flows and financial performance could be affected adversely and materially.

Even if we are able to recover any losses incurred from our customers pursuant to the terms of the contract, we expect the process of such recovery and/or settlement will be time-consuming and require financial and other resources. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. Our current evaluation of the credit status of our customers and credit control policies may not be adequate to safeguard against material credit risks.

During the Track Record Period, we have not encountered any material delay in payment by our customers. However, there can be no assurance that such payment by our customers will be made on time in the future. Any failure by our customers to make payment to us in a timely manner may have adverse impact on our operations, as it diverts our management resources, time and attention to pursuing unsettled invoices, and thus affect our business, financial position, results of operations and prospects.

There may be negative cash flows from operating activities during our operations which may have a material adverse effect on us.

We recorded negative cash flows from operating activities of approximately RM3.7 million as at 30 April 2022 notwithstanding cash flows of approximately RM19.6 million from the operating cash flows before movement in working capital. Please refer to the paragraphs headed "Financial information – Liquidity and capital resources – Cash flows" for further details. We may continue to experience net cash outflows from our operating activities for the foreseeable future, and we cannot assure you that we will be able to match the timing and amounts of our cash inflows with the timing and amounts of our payment obligations and other cash outflows. If we are unable to maintain adequate working capital, we may not be able to meet our payment obligations or operating cash and capital expenditure requirements, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may be exposed to credit risk on trade receivables.

Our financial position and liquidity are dependent on the creditworthiness of our customers. Provision for expected credit loss is made when our Group will not collect all amounts due. The provision is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The management of our Group estimates the loss allowance for trade receivables by using various inputs and assumptions including risk of a default and expected loss rate. Please refer to the paragraphs headed "Financial information – Significant accounting policies, critical accounting estimates and judgments – Loss allowance for trade and other receivables" for more details. As at 31 December 2019, 2020, 2021 and 4M2022, our Group recognised loss allowance for trade receivables of approximately RM2.2 million, RM2.2 million, RM2.7 million and RM3.5 million, respectively. If customers with whom we have substantial trade receivables face difficulty in making payments to us in the future due to economic downturn, individual customer's deteriorating financial condition or any other reasons, we may be forced to make additional loss allowances or write-off the relevant receivables, and our results of operations, financial condition and cash flows may be adversely affected. During the Track Record Period, we had written off bad debts in the sum of approximately RM50,000, RM0.2 million, RM0.3 million and RM0.2 million, respectively.

Our Group will be adversely affected by any significant or prolonged disruption to our processing machines and cold storage facilities.

Our business of sales of Own Products which require processing by ourselves is dependent on the uninterrupted operation of our processing facilities. If the use or efficiency of our processing machines or equipment is hampered or disrupted due to, for instance, power shortages or breakdowns or if our processing machines are damaged due to accident, fire or other natural disasters, our ability to process and deliver our Own Products in a timely manner may be materially affected. This may in turn adversely affect the financial position and results of operations of our Group.

We also face operational risks with regard to our cold storage facilities. Any prolonged and/or significant downtime arising from major and unexpected repairs or servicing or mechanical failure of any of our warehouses, particularly the nine cold storage facilities, could disable us from properly storing some of our products, such as frozen products (including seafood and meat) and dairy products, and result in significant disruptions to our operations, either within a short period of time or at all, which could lead to diminished product quality. There is no assurance that the Independent Third Party service provider(s) we engaged for repair and maintenance will restore our refrigeration system in a timely manner.

Our cold storage facilities are also subject to a number of other risks, such as fires, floods, burglary, explosions, natural disasters, third-party interferences, disruptions in power supply and power outages. These could result in significant damage to our cold storage facilities and/or inventories and lead to significant disruption to our operations. These risks could also result in environmental pollution, personal injury or wrongful death claims and other damage which may materially and adversely affect our Group's business and financial performance.

Our Group's operation is susceptible to unexpected business disruptions and irregularities.

Our business and operations are subject to unexpected material disruptions brought about by natural disasters, including, among others, outbreak of diseases or extreme weather such as droughts, floods, excessive cold or heat, storms, and other conditions or calamities, as well as irregularities in our operations such as fire, power and water outage and other discontinuation of utilities beyond our Group's control. If any of these events occurs at or in the vicinity of our warehouses, it may directly cause substantial damage or destruction to our facilities and stocks of products. We cannot guarantee that the precautionary measures implemented at our warehouses will be effective in sufficiently mitigating or minimising such risks of business disruptions. There is no assurance that the steps taken by our Group to mitigate the potential impacts of such disruptions will be adequate and effective. The occurrence of any of the aforementioned incidents in the future may cause injuries to our employees, partial or total loss of our stocks and/or material damage or destruction to our machinery and equipment. Our operations may be severely impaired or even put to a halt, which may lead to material adverse impacts on our Group's results of operations.

We may not be able to adequately protect our trademarks, which could harm the sales business of our Own-Brand Products.

Our Directors believe that our registered trademarks are important as these trademarks enable customers to differentiate our business from our competitors. Details of our intellectual property rights are set out in the paragraph headed "B. Further information about the business of our Group – 2. Intellectual property rights of our Company" in Appendix IV to this prospectus. The major trademarks which are material to the sales business of our Own-Brand Products are registered in Malaysia for the appropriate category for use. Unauthorised use of our trademarks and brand names may damage our brand and reputation. Although we have registered our trademarks and are not aware of any infringement of our intellectual property rights in the past, there is no assurance that infringement of our intellectual property rights will not take place in the future. In certain jurisdictions that do not have developed intellectual property laws or a record of protecting intellectual property rights, we may face considerable difficulties and costly litigation in order to protect and enforce such rights. In the event that we are not able to protect our intellectual property rights, our brand, reputation and financial position and results of operations may be harmed.

Our profitability may be materially and adversely affected by the potential increase in depreciation charges.

Our business strategies and future plans include setting up of a new warehouse, expanding our logistics operations through the purchase of logistics vehicles and purchase of processing machines for processing (including freezing, filling, bottling and labelling) our Own Products. For details, please refer to the sections headed "Business – Business strategies" and "Future Plans and Use of Proceeds" of this prospectus.

As a result of the intended establishment of a new warehouse and purchase of additional logistics vehicles and machinery, it is expected that our depreciation charges will increase and will be charged to our combined statement of profit or loss and affect our financial performance after the Listing. Accordingly, our profitability and our business, financial condition and results of operation are expected to be adversely affected.

We may engage in acquisition and investment activities, which could require significant management attention, disrupt our business and adversely affect our operating results.

While our Group plans to acquire and invest in companies along our supply value chain if there are appropriate opportunities in the market, we may not be able to find suitable acquisition or investment candidates and complete the acquisitions and investments on favourable terms, if at all. In pursuit of such acquisition or investment opportunities, our Group may experience significant pressure to deploy capital depending on the amount of consideration commanded by the seller and our Group may experience intense competition from other bidders.

Although due diligence and detailed analysis will be conducted before acquisition and investment activities are undertaken, there can be no assurance that these can fully expose all hidden problems, potential liabilities and unresolved disputes that the target company may have. In addition, valuations and analyses on the target company conducted by our Group and by professionals are based on numerous assumptions, and there can be no assurance that those assumptions are correct or appropriate.

We may not ultimately strengthen our competitive position or achieve our goals through the acquisitions and investments, for example, we may face challenges in integrating the business of the acquired companies into that of our Group in a manner that permits us to achieve business and operating synergies, cost savings and other anticipated benefits. Acquisitions and investments may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to additional liabilities, increase our expenses, and adversely impact our cash flow. Furthermore, any acquisition and investment could be viewed negatively by investors. Therefore, our business, financial performance and results of operations may be adversely impacted.

Our results of operations, financial condition and prospects may be adversely affected by fair value changes in our financial assets at fair value through profit or loss.

During the Track Record Period, we had invested in unlisted investments in money market funds managed by banks in Malaysia. The funds mainly invested in deposit and money market instruments and/or liquid assets. As at 31 December 2019, 2020, 2021 and 30 April 2022, our financial assets at fair value through profit or loss amounted to approximately nil, RM6.0 million, RM0.2 million and RM0.2 million, respectively.

The values of financial assets at fair value through profit or loss are marked to market, and net changes in their fair value are recorded as our other income or other expenses, and therefore directly affects our results of operations. During the Track Record Period, our dividend income arising from financial assets at fair value through profit or loss was approximately nil, RM0.2 million, RM0.03 million and RM1,000 respectively. We did not incur material fair value losses for financial assets at fair value through profit or loss during the Track Record Period. However, we cannot assure you that we will not incur any such fair value losses in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

Failure to fulfil our obligations in respect of contract liabilities may adversely affect our results of operation, liquidity and financial position.

Our contract liabilities refer to marketing incentive such as trade discounts, rebates and/or other price incentives offered to our customers. Generally, after customers make purchases with us, certain marketing incentive may be offered and made available to them for their future purchases. The unused marketing incentives at the end of the reporting periods represent our obligations to be performed and are recognised as contract liabilities. As at 31 December 2019, 2020, 2021 and 30 April 2022, our contract liabilities amounted to approximately RM0.6 million, RM4.4 million, RM7.0 million and RM8.1 million, respectively. For further details, please refer to the paragraphs headed "Financial information – Principal financial position items – Trade and other payables – Other payables" in this prospectus.

There is no assurance that we will be able to fulfill our obligation in respect of the contract liabilities when, for instance, there is a shortage of stocks required by our customers due to various reasons and thus no purchase can be made and our customers cannot utilise the marketing incentives. If we are not able to fulfil our obligations with respect to our contract liabilities, our relationship with our customers may be adversely affected. As a result, our results of operation, liquidity and financial position may be adversely affected.

Our workforce includes foreign labour and any difficulties in recruiting and/or retaining foreign labour could affect our operations and financial performance.

As at 30 April 2022, 26 out of 743 of our employees were foreign labour, representing approximately 3.5% of our total workforce. All our foreign workers possessed valid, subsisting and enforceable working permits. During the Track Record Period, we recruited our foreign labour from Nepal. There is no assurance that we can continually recruit sufficient foreign labour to support our business operation for the following reasons:

- possible shortage in the supply of foreign labour;
- possible increase in the salary and wages of foreign labour;
- possible freezing of entry of foreign workers from certain countries due to border closures arising from COVID-19; and
- possible changes in government policies and conditions on foreign labour intake and the relevant laws and regulations relating to the employment of foreign labour in Malaysia.

In addition, we may have difficulty renewing working permits of our foreign workers if there are changes in the relevant laws and regulations which imposes additional requirements for renewal of working permits of foreign workers.

The employment of foreign labour in Malaysia is subject to the laws and regulations summarised in the paragraph headed "Regulatory Overview – 4. Employment and Labour Protection" in this prospectus. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Malaysia could hinder our recruitment of foreign labour, and we may have to recruit local labour to substitute the foreign workforce for the relevant job positions, in which case our recruitment and employment costs will be increased. If we are unable to pass these additional costs on to our customers, our profitability and results of operations may be affected.

Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, financial condition and results of operations.

We have maintained insurance coverage which includes fire damage insurance, burglary insurance, goods in transit insurance, consequential loss insurance, motor vehicle insurance, purchase credit insurance, machinery breakdown insurance, office insurance and public liability insurance. While our Directors are of the view that the amount of our insurance coverage is in line with the customary standard in the industry and is adequate for our operations, it may not be adequate to fully compensate for all kinds of losses we may suffer in the future. For example, insurance covering losses from acts of war, terrorism, or natural disasters is either unavailable or cost prohibitive. In addition, our insurers will review our policies every year and we cannot guarantee that our policies can be renewed on similar or other acceptable terms or at all. Furthermore, if we suffer unexpected severe losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

We may be unable to successfully implement our business strategies and future plans.

As part of our business strategies and future plans, we intend to, amongst others, enhance our distribution and sales capabilities by setting up a new warehouse, upgrade our existing self-owned warehouses with advanced features, expand our logistics operations, acquire new processing machines, upgrade our ERP system to improve our operational efficiency and strengthen the promotion and marketing of our Own-Brand Products. For further details, please refer to the paragraph headed "Business – Business strategies" in this prospectus.

While we have planned such expansion based on our outlook of the business prospects, there is no assurance that such expansion plans will be commercially successful or the actual outcome of those expansion plans will match our expectations. Any future development of our business is subject to the availability of resources and the constraints of market conditions which may be constantly changing. Any over-expansion could exert pressure on our limited managerial, operational and financial resources and may in turn pose risks to our operational and financial stability. For example, we may not be able to implement our expansion plans in a timely manner to support our business growth. Failure to manage our expansion plans properly may result in increased operational costs and lower profits than anticipated.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

The F&B distribution business may be subject to increasingly stringent licencing requirements, environmental protection regulations and hygiene standards, which can increase our operating costs.

As at the Latest Practicable Date, we have obtained all material permits and licences for our business operations, such as specific licenses for importing business, distribution business, food processing business and Halal certificates. Moreover, F&B distributors shall also hold the required licenses, certificates and permits in relation to quality and safety control systems for their warehouses and processing facilities for maintaining food safety. However, some of these permits and licences are subject to periodic renewal and reassessment by the relevant government authorities and organisations, and the standards of compliance required in relation thereto may from time to time be subject to changes. For further details, please refer to the paragraph headed "Business – Licences, certificates and permits" in this prospectus.

We cannot guarantee that we will be successful in renewing all the relevant licences we currently have upon their expiration. It is possible that we may be required to suspend our operation until the relevant licences are issued or even cease certain aspects of our business if we fail to obtain such licences for reasons that may go beyond our control. Any failure to comply with the existing regulations or future legislative changes could require our Group to incur significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or suspensions of some or all of our business, which could materially and adversely affect our financial condition and results of operations.

On the other hand, we cannot guarantee that the Malaysia government will not amend the current regulations and policies that will affect our Group's operation and business in the future. We cannot assure you that the licensing requirements for our operations in Malaysia will not become more stringent in the future. Any imposition of onerous obligations on us to comply with licensing or permits requirements may increase our costs of operation and in turn adversely affect our profitability.

Changes in Malaysian food safety laws may affect our business.

As a distributor with a focus on F&B products which are intended for direct human consumption, we are subject to extensive food safety laws and regulations of Malaysia under which we distribute and sell our products. If we fail to comply with food safety laws in Malaysia, we may be subject to fines, suspension of operations, loss of relevant licences and, in more extreme cases, legal proceedings against us and our management. There can be no assurance that the Malaysia government will not impose additional or stricter laws or regulations on food safety, providing for stricter and more comprehensive monitoring and regulation of F&B distributors in respect of, for instance, distribution, processing and sales of F&B products, which may lead to an increase in our costs of complying with such regulations. We may be unable to pass these additional costs on to our customers. Any of these events could adversely affect our business, results of operations and financial condition.

There may be disintermediation by brand owners in the F&B industry in the future.

Our business model involves sourcing F&B products from international and domestic brand owners and distributing them to large retail chains, such as hypermarkets, supermarkets, and convenience stores in Malaysia. During the Track Record Period, 80.2%, 79.2%, 79.6% and 79.4% of our revenue were generated from the distribution and sales of Third-Party Brands. According to the F&S Report, large brand owners may adopt disintermediation strategy and build up their own comprehensive distribution networks, in which case the demand for our distribution services will be reduced. In addition, according to the F&S Report, given that the availability of online distribution options for business-to-business and the development of e-commerce in Malaysia facilitate the ordering of products through the internet, brand owners and manufacturers may remove certain levels in the supply chain or sell directly to the retail chains or end consumers to reduce costs in the process. Any decrease in demand for our distribution services due to disintermediation in the logistics industry could adversely affect our business, financial condition and results of operations.

The industry in which we operate in is highly competitive.

According to the F&S Report, the market size by revenue of Malaysia F&B distribution market reached RM24.2 billion in 2021. The industry players generally face strong competition, based upon factors including distribution network, brand and product offering and stable business relationship with brand owners, suppliers and customers. Some of our competitors, particularly the major players have been in the F&B distribution industry in Malaysia for a longer period of time and/or listed on the eligible stock exchanges and thus, have substantially greater resources to market and distribute their products. There is also no assurance that our current or potential competitors will not distribute products which are comparable or more superior or adapt more quickly to evolving industry trends and changes in consumers' preferences. Intense competition may lead our existing or potential competitors to adopt irrational or hostile business strategies, such as unreasonable or predatory price reductions and poaching of our employees, any of which may result in loss of our market share and reduced profit margins if we are forced to lower our pricing in response to such tactics adopted by our competitors. Should we face increased competition or if we cannot adapt effectively to market conditions, end-consumers' preferences and/or competitive environment, our Group may not be competitive and our revenue and profitability will be materially and adversely affected.

Align with the increasing trend of online distribution options for business-to-business, we may also compete with new types of competitors which operate under a different business model and are capable of offering products with relatively lower selling prices to customers as such business model would be able to reduce the reliance of different intermediaries in the supply chain.

In addition, during the Track Record Period, we generally do not enter into any exclusive distribution agreements with our suppliers. Our existing or potential competitors may obtain exclusivity in the products we sell in the future. We may be unable to source these products from other suppliers at equally competitive pricing. Consequently, our market share may be adversely affected. We may also face loss of our existing customers if they opt to purchase the new products sold by our existing or potential competitors as the product differentiation is low. As a result, if we fail to compete effectively or maintain our competitiveness in the market, our business, financial condition and results of operations may be adversely affected.

Any outbreak of animal diseases or epidemic of contagious diseases in Malaysia or overseas countries may have a material adverse effect on our business operations and financial condition.

Some of the F&B products we currently distribute are imported from overseas countries or from local suppliers. Any outbreak of animal diseases or other epidemics in these countries and/or in Malaysia may severely impair our suppliers' ability to supply or may render their products contaminated or otherwise unsafe. There have also been sporadic outbreaks of the H5N1 influenza or avian influenza A among birds, in particular poultry, as well as some isolated cases of transmission of the virus to humans in Malaysia. Any epidemic of contagious diseases affecting humans, such as avian influenza and swine influenza, might also result in unfavourable business operating conditions for our suppliers and customers such as decline in the catering and food retail industry, slowdown in economic growth and overall negative business sentiment. As our revenue heavily relies on the continuous and stable supply of products by our suppliers and sales of products to our customers, our business and financial performance may in turn be materially and severely affected. Furthermore, the occurrence of such outbreaks of animal or communicable diseases affecting humans in the countries from which we import our products may generate public concerns for safety of the products, influence customers' confidence in our brand and adversely affect our reputation.

We are susceptible to the development and growth in the downstream industries in Malaysia.

Our products are mainly sold to customers, including hypermarkets and supermarket chains, provision shops, F&B dealers and merchandisers, convenience stores and kiosks and HORECA. Hence, our business is susceptible to the development and growth in the downstream industries in which our customers are engaged. In general, if any of the downstream industries slumps or is not sustained or slows down due to a variety of factors beyond our control, such as economic downturn, epidemic outbreak or any negative publicity relating to any health-related matters, the demand for our products may be affected correspondingly whereby our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our Group's operations are subject to disruptions in transportation and fluctuations in logistics costs.

We provide delivery service of our products to our customers. For such purposes, we currently maintain a fleet of logistics vehicles and would engage third-party transportation service providers to deliver our products on an as-needed basis. Repair and maintenance expenses in relation to our logistics vehicles are incurred.

Although logistics costs are taken into account in the prices we quote to our customers, there is no assurance that we will be able to pass on all or any increases in logistics costs to our customers or otherwise offset the effects of any such increases in logistics costs. If we are unable to pass on the increased costs to our customers, our profit margin will be reduced and our business, results of operations, financial condition and prospects will be adversely affected.

Disruption of transportation services arising from factors such as unfavourable weather conditions, labour unrest or significant downtime arising from major and unexpected repairs or other events which are out of our control could affect our Group's ability to supply products to customers on time.

Macro-economic factors have had and may continue to have a material adverse effect upon our business, financial condition and results of operations.

The F&B distribution industry in Malaysia is affected by various macroeconomic factors, including changes in economic conditions, employment levels, disposable income levels and consumer spending patterns in Malaysia, which are beyond the control of our Group. In particular, some of our Group's major customers are hypermarkets and supermarkets in Malaysia and our sales to these customers are driven by demand from consumers, any deterioration of the Malaysia economy, decrease in disposable consumer income, fear of a recession or decreases in consumer confidence may lead to a reduction of average spending of consumers, which could in turn reduce the demand for our products by our customers and materially and adversely affect our financial condition and results of operation. In addition, our continued success will depend upon our ability to anticipate, identify and respond to the changing economic and other conditions in a timely manner, failing which our financial condition and results of operations may be adversely affected.

RISKS RELATING TO OUR OPERATIONS IN MALAYSIA

Changes in the social, political, regulatory and economic environment and policies of Malaysia may have an adverse effect on our Group.

Our Group's business, financial condition and results of operations and the prospects of the industry in which we operate in will depend, to some degree, on the social, political, regulatory and economic developments in Malaysia. Any adverse developments in the social, political, regulatory and economic environment including prolonged and/or widespread economic slowdown in Malaysia would decrease economic activities in Malaysia and affect our business and profitability. Any uncertainty in the global and local economies would affect investors' confidence, which will correspondingly have a negative impact on the distribution industry in Malaysia.

Our business and operations are subject to a wide range of laws and regulations such as those relating to consumer protection, quality of goods and product safety. Government authorities may inspect, examine or enquire on our compliance with the relevant statutory and regulatory requirements from time to time. If we fail to comply with any applicable laws and regulations, we may face penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative sanctions and litigation.

If any sanctions, fines and other penalties, which are material, are imposed on us for non-compliance with the applicable requirements, guidelines, laws or regulations, or if the Malaysia government imposes higher regulatory requirements or adopts measures such as price control, our business, reputation, results of operations and financial condition may be materially and adversely affected. Our Group's failure to comply with such laws and regulations may also result in reprimand, penalties, compounds and fines against us. Please refer to the section headed "Regulatory Overview" for further details.

We are exposed to currency conversion and exchange rate risks.

Since a substantial amount of income and profit of our Group is denominated in RM, any fluctuations in the value of RM may adversely affect the amount of dividends, if any, payable to the Shares in HK$ to our Shareholders.

The Central Bank of Malaysia had intervened in the foreign exchange market in the past to stabilise the RM and pegged the RM to the US$ in September 1998. In July 2005, the Central Bank of Malaysia adopted a managed float system which benchmarked the RM to a currency market to ensure that the RM remains close to its fair value. Our Group cannot assure you that the Malaysian government will not impose more restrictive or additional foreign exchange controls. Any imposition, variation or removal of exchange controls may lead to less independence in the Malaysian government's conduct of its domestic monetary policy and increased exposure of the Malaysian economy to the potential risks and vulnerability of external developments in the international markets.

Furthermore, fluctuations in the RM's value against other currencies we used to settle our purchases, such as AUD, EURO, NZD, THAI-BAHT and USD may create foreign currency translation gains or losses and may have an adverse effect on our Group's business, financial condition and results of operations. We recorded exchange differences arising from the translation of foreign operations for combination/consolidation recognised in other comprehensive income or loss, amounting to a gain of approximately nil, RM26,000 and RM25,000 respectively for FY2019, FY2020 and FY2021, while we recognised a loss of RM60,000 for 4M2022. For the details of foreign currency translation, please refer to the paragraphs headed "Foreign currency translation" in note 3 to the Accountants' Report as set out in Appendix I to this prospectus.

In addition, we had exchange gain arising from the settlement of transactions recognised in profit or loss of approximately RM0.3 million for FY2019; while we recognised a loss of approximately RM0.1 million, RM0.2 million and RM19,000, respectively for FY2020, FY2021 and 4M2022. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into RM, of our Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect our Group's ability to pay dividends or satisfy other foreign exchange requirements.

Moreover, foreign exchange fluctuations may have a significant positive or negative effect on our results of operations. We are exposed to, among others, foreign currency risk related to our Group's financial instruments. Certain financial liabilities of our Group are denominated in currencies other than the functional currency of the respective group entities of our Group and we are therefore exposed to foreign currency risk. The sensitivity analysis in relation to foreign currency risk of foreign currency denominated liabilities is set out in "Foreign currency risk" in note 29 to the Accountants' Report as set out in Appendix I to this prospectus.

In addition, in light of the potential foreign exchange fluctuations described above, there is no assurance that our Group will be able to pass all of our consequently increased costs driven by currency fluctuations to our customers. If we are unable to do so, our overall results of operations and financial condition could be materially and adversely affected.

Our Group's principal subsidiaries are incorporated in Malaysia and their main assets are located in Malaysia, therefore it could be difficult to enforce a foreign judgment against our Malaysian subsidiaries, our Directors and our management in Malaysia.

Our Group's principal subsidiaries are incorporated under the laws of Malaysia. A large majority of our Directors and members of the senior management team are residents of Malaysia and a substantial portion of the assets and the assets of our Directors and management are located in Malaysia. Enforceability of certain foreign judgment in Malaysia is by virtue of the Reciprocal Enforcement of Judgments Act 1958, in which a foreign judgment must be registered before it can be enforceable. The registration of such foreign judgments is only possible if the judgment is given by a superior court from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, which includes the United Kingdom, Hong Kong, Singapore, New Zealand, Republic of Sri Lanka, India and Brunei Darussalam. In the event the foreign judgment is not from a country listed in the First Schedule of the Reciprocal Enforcement of Judgments Act 1958, the only method of enforcement at common law is by securing a Malaysian judgment. As a result, it could be difficult to enforce a foreign judgment against our Malaysian subsidiaries, our Directors or our management in Malaysia.

We are subject to tax audit and investigation in Malaysia.

The Malaysia tax regime is based on a self-assessment system. Persons chargeable including companies in Malaysia have legal obligations to make self-assessment on the tax payable and file necessary tax returns annually with their remittance of tax. Malaysian Inland Revenue Board is empowered by the Malaysia Income Tax Act 1967 to carry out audit and investigation on persons chargeable to determine, inter alia, whether their tax returns are accurate and complete. The Malaysia Income Tax Act 1967 also empowers Malaysia Inland Revenue Board to impose additional tax and/or penalties on persons chargeable if Malaysia Inland Revenue Board determines that the persons chargeable are in fact subject to more tax payables than are reported in the self-assessed tax returns.

We calculate the amount of our taxes and make payment thereof in accordance with the applicable tax laws. We may be subject to additional taxes or penalty if Malaysia Inland Revenue Board have a different view from us with respect to our self-assessed tax payables in our filed tax returns. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any tax audit and/or investigation by Inland Revenue Board of Malaysia or other relevant tax authorities due to irregularities alleged against or committed by our Group. As we may in the future be subject to such tax audit and/or investigation by Malaysian

Inland Revenue Board or other relevant tax authorities from time to time, in the event that Malaysia Inland Revenue Board or other relevant tax authorities impose additional tax or penalty on our Group, our profit margin may decrease and consequently our financial results may be adversely affected.

Natural disasters, acts of war, terrorist attacks, political unrest and other events may have negative impact on our business.

Natural disasters and other acts of god which are beyond our control may materially and adversely affect the economy and livelihood of the people in Malaysia. Our operations and financial condition may be adversely affected, especially when such events occur in regions in which our operations and suppliers are located.

Acts of war, terrorists' attacks and political unrest may cause damage or disruption to our facilities, our employees, our suppliers and our markets, any of which could materially and adversely affect our overall results of operations and financial condition.

RISKS RELATING TO THE GLOBAL OFFERING

Termination of the Hong Kong Underwriting Agreement.

Prospective investors should note that the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) are entitled to terminate the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement by giving written notice to us upon the occurrence of any of the events set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, novel coronavirus (COVID-19), Severe Acute Respiratory Syndrome (SARS), avian influenza A (H5N1), influenza B, Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation.

There has been no prior public market for the Shares and an active trading market for the Shares may not develop or be sustained.

Prior to the Global Offering, no public market for the Shares existed. Following the completion of the Global Offering, the Stock Exchange will be the only market on which the Shares are publicly traded. We cannot assure our investors that an active trading market for the Shares will develop or be sustained after the Global Offering. In addition, we cannot assure our investors that the Shares will trade in the public market at or above the Offer Price subsequent to the Global Offering. The Offer Price for the Shares is expected to be fixed by the Price

Determination Agreement, and may not be indicative of the market price of the Shares following the completion of the Global Offering. If an active trading market for the Shares does not develop or is not sustained after the Global Offering, the market price and liquidity of the Shares may be materially and adversely affected.

The trading price and volume of the Shares may be volatile, which may result in a substantial loss for our investors.

The trading price of the Shares may be volatile and may fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of the Shares, changes in securities analysts' (if any) estimates of our financial performance, investors' perceptions of our Group and the general investment environment, changes in laws, regulations and taxation systems which affect our operations, and general market conditions of the securities markets in Hong Kong. These broad market and industry factors may significantly affect the market price and volatility of the Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for the Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies and involvement in material litigation as well as recruitment or departure of key personnel, may cause the market price of the Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the volume and trading price of the Shares. There is no assurance that such changes will not occur.

Further, there will be a gap of several days between pricing and trading of the Offer Shares. The Offer Price of the Shares is expected to be determined on the Price Determination Date while the Shares will not commence trading on the Stock Exchange until the Listing Date. As a result, investors may not be able to sell or otherwise deal in the Shares during the period between the Price Determination Date and the Listing Date and hence are subject to the risk that the price of the Offer Shares could fall during the period before trading of the Offer Shares begins.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Global Offering. The market price of our Shares when trading begins could be lower than the Offer Price.

The Offer Price of our Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several business days after the Price Determination Date. It is expected that there will be a considerable gap of time between the pricing of our Shares/closing of the application lists and the commencement of trading. Investors may not be able to sell or otherwise deal in the Shares until the commencement of trading and accordingly, holders of our Shares are subject to the risk that the price of their Shares could fall before trading begins as a result of adverse market conditions or other adverse developments that could occur between the time of sale and the time when trading begins.

Additional equity fund raising may lead to dilution of Shareholders' interests and decrease in market price of the Shares.

We may find opportunities to grow through acquisitions that cannot currently be anticipated. Secondary issue(s) of securities after the Global Offering may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. If existing Shareholders are not offered an opportunity to participate, their shareholding interest in our Company will be diluted.

Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme.

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the Shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

Historical dividends are not indicative of our Group future's dividends.

During the Track Record Period, our Group declared dividends of approximately RM13.5 million, RM20.5 million, nil and nil, respectively. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. Our future declarations of dividends will be subject to, among other things, the discretion of our Board. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. In any event, there can be no assurance that we will be able to declare or distribute any dividend.

Future disposal or perceived disposal by our existing Shareholders of a substantial number of the Shares in the public market may materially and adversely affect the prevailing market price of the Shares.

Disposal of substantial amounts of the Shares in the public market after the completion of the Hong Kong Public Offering, or the perception that disposal may occur, may adversely affect the market price of the Shares and materially impair our future ability to raise capital through offerings of the Shares. There is no assurance that our major Shareholders will not dispose of their shareholdings. Any significant disposal of the Shares by any of the major Shareholders may materially affect the prevailing market price of the Shares. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise further capital. We cannot predict the effect of any significant future disposal on the market price of the Shares.

Investors may experience difficulties enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection of minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles of Association, the Companies Act and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on the protection of minority Shareholders is set out in Appendix III to this prospectus.

RISKS RELATING TO THE STATEMENT IN THIS PROSPECTUS

Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Global Offering.

We strongly caution our investors not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there may be press and media coverage regarding the Global Offering and us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information to the press or media and do not accept any responsibility for such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and our investors should not rely on such information.

Certain facts, forecasts and other statistics in this prospectus obtained from publicly available sources have not been independently verified and may not be reliable.

Certain facts, forecast and other statistics in this prospectus are derived from various government, official or other resources. However, our Directors cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective directors or affiliates or advisers or any other parties involved in the Global Offering and, therefore, we and all the aforesaid parties make no representation as to the accuracy of such facts and statistics. Due to the possibly flawed or ineffective data collection methods or discrepancies between published information and market practice, the facts and statistics disclosed in this prospectus may be inaccurate or may not fairly reflect the actual situations or market conditions. Further, we cannot assure our investors that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, our investors should consider carefully how much weight or importance should be attached to or placed on such facts or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements that are “forward-looking” and indicated by the use of forward-looking terminology such as “believe”, “intend”, “anticipate”, “estimate”, “plan”, “potential”, “will”, “would”, “may”, “should”, “expect”, “seek” or similar terms. Prospective investors are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that, even if the Directors believe the assumptions related to those forward-looking statements are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by our Company that the plans and objectives will be achieved, and investors should not place undue reliance on such statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events, or otherwise. Please refer to the section headed “Forward-looking Statements” in this prospectus for further details.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions with connected persons that are expected to continue after the Listing, which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the Listing. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. For further details of such non-exempt continuing connected transactions and waiver, please refer to the section headed "Connected Transactions" in this prospectus.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. For the purpose of the proposed Listing, our Company will establish a principal place of business in Hong Kong and register as a non-Hong Kong company under Part 16 of the Companies Ordinance before the Listing. The principal business operations of our Group are primarily located, managed and conducted in Malaysia, and our senior management members are and will therefore continue to be based in Malaysia. However, all the executive Directors are not ordinarily resident in Hong Kong. Our Directors believe it would be more effective and efficient for our executive Directors and our senior management to remain based in Malaysia where we have significant operations. Our Directors also believe that it would not be in the best interests of our Group and our Shareholders as a whole to additionally appoint two executive Directors who are ordinarily resident in Hong Kong but do not fully understand or are not familiar with our business operations, activities and development for the sole purpose of satisfying the requirements of Rule 8.12 of the Listing Rules. Therefore, our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules.

As a result, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, subject to the following conditions:

1. our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. Our Company will appoint Mr. Lam Kwun Leung, the company secretary of our Company, who is ordinarily resident in Hong Kong, and SB Soon, as the two authorised representatives of our Company (the "**Authorised Representatives**"). Each of the Authorised Representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by their respective mobile phone number, office phone number, e-mail address and facsimile number (if available). Each of the two Authorised Representatives has been duly authorised by the Board to communicate on our behalf with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details;

2. both of the Authorised Representatives of our Company will have means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors and senior management team for any matters;

3. our Company will appoint Mr. Ngai Wah Sang, who is ordinarily resident in Hong Kong, as an independent non-executive Director of our Company. For further details about Mr. Ngai, please refer to the section headed "Directors and Senior Management" in this prospectus;

4. to enhance the communication between the Stock Exchange, the Authorised Representatives and our Directors, our Company will implement a policy whereby (a) each Director will have to provide his/her respective mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses to the Corporate governance policy authorised representatives; (b) each Director will endeavour to provide valid phone number or means of communication to the Authorised Representatives when he/she is traveling; and (c) each Director will provide his/her mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses to the Stock Exchange;

5. our Company shall promptly inform the Stock Exchange of any changes on the Authorised Representatives and/or the compliance adviser in accordance with the requirements of the Listing Rules;

6. if circumstances require, meetings of the Board can be summoned and held in such manner as permitted under the Articles of Association at short notice to discuss and address any issue which the Stock Exchange is concerned in a timely manner;

7. our Company has appointed a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to our Authorised Representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date (the "**Engagement Period**") in accordance with Rule 13.46 of the Listing Rules;

8. our Company will ensure that during the Engagement Period, the compliance adviser has access at all times promptly to the Authorised Representatives, Directors and other senior officers who will provide to the compliance adviser such information and assistance as the compliance adviser may reasonably require in connection with the performance of the compliance adviser's duties;

9. our Company will also appoint other professional advisers (including its legal advisers in Hong Kong), if necessary, after the Listing to assist the Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

10. each of our Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors (including any proposed director who is named as such in this prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

PROSPECTUS ISSUED IN CONNECTION WITH THE HONG KONG PUBLIC OFFERING ONLY

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

INFORMATION ON THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus set out the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Joint Global Coordinators (on behalf of the Underwriters) and us. The Global Offering is managed by the Joint Lead Managers.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. Please refer to the section headed "Underwriting" for further details.

RESTRICTIONS ON OFFER AND SALE OF SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit an offering of the Hong Kong Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered for subscription and sold, and will not be publicly offered for subscription or sold, directly or indirectly in Malaysia, Singapore, China or the United States.

ELIGIBILITY FOR CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme).

No part of our share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought on the Stock Exchange or any other stock exchange as at the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Branch Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

HONG KONG BRANCH SHARE REGISTER AND THE STAMP DUTY

All Shares issued by us pursuant to applications made in the Global Offering will be registered on our branch register of members to be maintained in Hong Kong. Our principal register of members will be maintained by Appleby Global Services (Cayman) Limited in the Cayman Islands.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree.

Dealings in the Shares registered on our Hong Kong branch register will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Global Offering, we intend to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Global Coordinators (on behalf of the International Underwriters) within 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to issue and allot up to an aggregate of 36,150,000 Shares (in aggregate representing 15% of the total number of the Shares initially available under the Global Offering) at the Offer Price to cover over-allocation in the International Placing.

Further details with respect to stabilisation and the Over-allotment Option are set out in the sections headed "Structure and Conditions of the Global Offering – Over-allotment Option" and "Structure and Conditions of the Global Offering – Stabilisation" in this prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedure for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" in this prospectus.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of certain Chinese names, entities, departments, facilities, certificates, titles, laws, regulations and the like are unofficial translations of their Chinese names and are included for identification purposes only, and if there is any inconsistency, the Chinese name prevails in such cases.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RM amounts into Hong Kong dollars at specified rates. You should not construe these translations as representations that the RM amounts could actually be, or have been, converted into Hong Kong dollar amounts (as applicable) at the rates indicated or at all. Unless we indicate otherwise, the translations of RM amounts into Hong Kong dollars have been made at the rate of RM0.52 to HK$1.00.

ROUNDINGS

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Soon See Beng	No. 30, Lorong Sekilau 64 Jalan Haji Ahmad 25300 Kuantan Pahang Malaysia	Malaysian
Mr. Soon Chiew Ang	No. 2, Lorong Seri Setali 73 Jalan Haji Ahmad Taman Haji Ahmad 25300 Kuantan Pahang Malaysia	Malaysian
Mr. Soon See Long	No. 18, Lorong Seri Setali 71 Perkampungan Setali Jalan Haji Ahmad 25300 Kuantan Pahang Malaysia	Malaysian
Independent non-executive Directors		
Mr. Khoo Chee Siang	A-23A-7 Le Yuan Residence No. 8 Jalan Selesaria Taman Gembira 58200 Kuala Lumpur Malaysia	Malaysian
Mr. Ooi Guan Hoe	100 Casaman Cangkat Intisari Desa Parkcity 52200 Kuala Lumpur WP Kuala Lumpur Malaysia	Malaysian
Mr. Tan Teow Choon	10, Jalan SS 3/84 Taman Universiti 47300 Petaling Jaya Selangor Malaysia	Malaysian

Mr. Ngai Wah Sang	Flat E, 30/F, Block 1 Park Towers Causeway Bay Hong Kong	Australian
Ms. Tiong Hui Ling	31 Garden Manor Jalan Persiaran Sierramas Utama 47000 Sungai Buloh Malaysia	Malaysian

For further information on the profile and background of our Directors, please refer to the section headed "Directors and Senior Management" of this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Sunny Fortune Capital Limited** *(formerly known as TD King Capital Limited)* 13/F, Printing House 6 Duddell Street Central Hong Kong
Joint Global Coordinators	**Sunny Fortune Capital Limited** *(formerly known as TD King Capital Limited)* 13/F, Printing House 6 Duddell Street Central Hong Kong **Elstone Securities Limited** Suite 1601-04, 16/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong

Joint Bookrunners

Sunny Fortune Capital Limited
(formerly known as TD King Capital Limited)
13/F, Printing House
6 Duddell Street
Central
Hong Kong

Elstone Securities Limited
Suite 1601-04, 16/F, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

BOCOM International Securities Limited
9F, Man Yee Building
68 Des Voeux Road Central
Central, Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F, Wing On Centre
111 Connaught Road Central
Hong Kong

CMBC Securities Company Limited
45/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

Haitong International Securities Company Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Phillip Securities (Hong Kong) Limited
11/F, United Centre
95 Queensway
Hong Kong

Joint Lead Managers	**Sunny Fortune Capital Limited** *(formerly known as TD King Capital Limited)* 13/F, Printing House 6 Duddell Street Central Hong Kong
	Elstone Securities Limited Suite 1601-04, 16/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
	BOCOM International Securities Limited 9F, Man Yee Building 68 Des Voeux Road Central Central, Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F, Wing On Centre 111 Connaught Road Central Hong Kong
	CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central, Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Phillip Securities (Hong Kong) Limited 11/F, United Centre 95 Queensway Hong Kong

Underwriters	**Sunny Fortune Capital Limited** *(formerly known as TD King Capital Limited)* 13/F, Printing House 6 Duddell Street Central Hong Kong
	Elstone Securities Limited Suite 1601-04, 16/F, West Tower Shun Tak Centre 168-200 Connaught Road Central Hong Kong
	BOCOM International Securities Limited 9F, Man Yee Building 68 Des Voeux Road Central Central, Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F, Wing On Centre 111 Connaught Road Central Hong Kong
	CMBC Securities Company Limited 45/F, One Exchange Square 8 Connaught Place Central, Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	Phillip Securities (Hong Kong) Limited 11/F, United Centre 95 Queensway Hong Kong

Legal advisers to our Company	*As to Hong Kong law:* **TC & Co.** Units 2201-2203 22/F, Tai Tung Building 8 Fleming Road Wanchai Hong Kong *As to Malaysian law:* **David Lai & Tan** Level 8-3 & 8-4, Wisma Miramas No. 1, Jalan 2/109E Taman Desa, Jalan Klang Lama 58100 Kuala Lumpur Wilayah Persekutuan Malaysia *As to Cayman Islands law:* **Appleby** Suites 4201-03 & 12 42/F, One Island East Taikoo Place 18 Westlands Road Quarry Bay Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Holman Fenwick Willan** 15th Floor, Tower One, Lippo Centre 89 Queensway Admiralty Hong Kong

Joint auditors* and Joint reporting accountants	**Mazars CPA Limited** *Certified Public Accountants, Hong Kong* 42nd Floor Central Plaza 18 Harbour Road Wanchai Hong Kong
	Mazars LLP *Public Accountants and Chartered Accountants, Singapore* 135 Cecil Street #10-01 MYP Plaza Singapore 069536
Industry consultant	**Frost & Sullivan International Limited** 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Receiving bank	**Bank of China (Hong Kong) Limited** 1 Garden Road Hong Kong

* Mazars CPA Limited and Mazars LLP have been appointed as the joint auditors of our Group until the conclusion of the first annual general meeting of our Company after the Listing.

Registered office in the Cayman Islands	71 Fort Street PO Box 500 George Town Grand Cayman KY1-1106 Cayman Islands
Headquarters and principal place of business in Malaysia	Lot 147-A Kawasan Perindustrian Semambu 25350 Kuantan Pahang Malaysia
Principal place of business in Hong Kong under Part 16 of the Companies Ordinance	Units 2201-2203, 22/F, Tai Tung Building 8 Fleming Road Wanchai Hong Kong
Company's website address	www.sccgroup.com.my *(information on this website does not form part of this prospectus)*
Company Secretary	Mr. Lam Kwun Leung *Certified Public Accountant* Flat D, 32/F, Block 3 South Horizons Ap Lei Chau Hong Kong
Authorised representative (for the purpose of the Listing Rules)	Mr. Soon See Beng Lot 147-A Kawasan Perindustrian Semambu 25350 Kuantan Pahang Malaysia Mr. Lam Kwun Leung *Certified Public Accountant* Flat D, 32/F, Block 3 South Horizons Ap Lei Chau Hong Kong

Compliance adviser	**Sunny Fortune Capital Limited** *(formerly known as TD King Capital Limited)* 13/F, Printing House 6 Duddell Street Central Hong Kong
Audit Committee	Mr. Ooi Guan Hoe *(Chairman)* Mr. Tan Teow Choon Mr. Khoo Chee Siang
Remuneration Committee	Mr. Khoo Chee Siang *(Chairman)* Mr. Ooi Guan Hoe Mr. Tan Teow Choon
Nomination Committee	Mr. Tan Teow Choon *(Chairman)* Mr. Ooi Guan Hoe Mr. Khoo Chee Siang
Cayman Islands principal share registrar and transfer office	**Appleby Global Services (Cayman) Limited** 71 Fort Street PO Box 500 George Town Grand Cayman KY1-1106 Cayman Islands
Hong Kong branch share registrar and transfer office	**Tricor Investor Services Limited** Level 54 Hopewell Centre 183 Queen's Road East Hong Kong With effect from 15 August 2022: 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Principal bankers	**CIMB Bank Berhad** 13th Floor, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50740 Kuala Lumpur Malaysia **CIMB Islamic Bank Berhad** Level 19, Menara Bumiputra-Commerce 11 Jalan Raja Laut 50350 Kuala Lumpur Malaysia

OVERVIEW OF MALAYSIA LAWS AND REGULATIONS

A summary of salient Malaysian legal and regulatory frameworks that may be applicable in our business operations are as follows:

1. Business Operation

(A) The Local Government Act 1976 And Trade By-Laws

In Malaysia, a private limited company may commence business operations upon registration for incorporation under the Companies Act 2016. Following its registration for incorporation, the company shall obtain a business premise license for each operating premise from the relevant local authority which was empowered under the Local Government Act 1976 ("**LGA 1976**").

LGA 1976 confers the power to local authority to make by-laws which provide that no person shall operate any form of trade, business or industry in any place or premise within the jurisdiction of the respective Municipal Council without a license issued by the respective Municipal Council. Our Companies are running their businesses at the District of Kuala Terengganu, Kuantan, Seremban, Temerloh, Kemaman, Alor Setar, Kota Bharu, Subang Jaya and therefore it is a requirement for each operating premise to obtain a business license from the relevant local authority.

The validity of a business license shall be valid for a period not exceeding three years and subject to renewal. It is provided under LGA 1976 that any person who fails to exhibit his license at all times in some prominent place on the licensed premises or to produce such license when required shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or to both.

(B) Feed Act 2009

Feed Act 2009 ("**FA 2009**") is an act to regulate feed quality by controlling the importation, manufacture, sale and use of feed and feed additive and for other matters incidental thereto. FA 2009 provides that no person shall import any feed or feed additive unless he possesses a valid licence under this FA 2009 and such licence shall not be transferable, valid for a term expiring not later than the end of the calendar year. Any person who imports any feed or feed additive without a licence shall, on conviction be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both and for a second or subsequent offence, to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 4 years or to both.

A licencee may apply for a renewal of licence not later than 30 days before the date of expiry of the licence.

FA 2009 provides that no person shall introduce any antibiotic, hormone or other chemical directly or through a medium into animals unless in accordance with the prescribed manner and at the prescribed level. No person shall possess any feed or feed additive which contains antibiotics, hormones or other chemicals the addition of which are not permitted under FA 2009 or any regulations made thereunder. Any person who contravenes this commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both, and for a second and subsequent offence, to a fine not exceeding RM200,000 or to imprisonment for a term not exceeding 4 years or to both.

It is further provided that all feeds imported, manufactured, distributed, possessed, sold or utilized for the feeding of animals shall comply with the prescribed feed specifications and to be kept, stored, packaged, labelled or transported in compliance with the prescribed conditions for proper keeping, storing, packaging, labelling and transporting of feed or feed additives. Any person who contravenes this section commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 1 year or to both, and for a second or subsequent offence, to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 2 years or to both.

(C) Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012

The Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012 ("**Manufacture and Sale Regulations**") provides that no person shall manufacture or sell feed or feed additives unless registered with the feed board as defined in FA 2009 ("**Feed Board**"). The Feed Board may, after considering an application issue a certificate of registration of manufacturer or seller of feed or feed additive and such certificate shall be valid for a period of not exceeding 1 year from the date of issuance. Any renewal of registration shall be made within 3 months before the expiration of the registration. Any late renewal shall be subject to the prescribed fee. Every registered person shall submit to the Feed Board a certified true copy of the annual production or sales report, in respect of the feed or feed additives manufactured or sold by him.

Any person who contravenes any of the provisions of this Manufacture and Sale Regulations commits an offence and shall, on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years or both.

(D) Feed (Licence to Import Feed or Feed Additive) Regulations 2012

The Feed (Licence to Import Feed or Feed Additive) Regulations 2012 ("**Import Licence Regulations**") provides that no person shall import (including the importation from Sabah and Sarawak) any feed or feed additive unless that person holds a valid licence issued by the Feed Board.

A licencee may apply for renewal of licence to import feed or feed additive on or before 1 of December each year. The Feed Board may, when approving the renewal of licence, impose any terms and conditions as it thinks fit.

Any person who contravenes any of the provisions of the Import Licence Regulations shall on conviction, be liable to a fine not exceeding RM10,000 or imprisonment for a term not exceeding 2 years or both.

(E) Lembaga Kemajuan Ikan Malaysia Act 1971 and Fish Marketing Regulations 2010

Lembaga Kemajuan Ikan Malaysia Act 1971 is an act to incorporate the Lembaga Kemajuan Ikan Malaysia and to provide for matters connected therewith. The Lembaga Kemajuan Ikan Malaysia ("**Lembaga**")'s function shall be amongst others to promote and develop efficient and effective management of fisheries enterprises and marketing of fish. The Lembaga shall also have the power to do amongst others to regulate the marketing of fish particularly through licensing of wholesalers, retailers, fish processors, importers and exporters, to prescribe and regulate the packaging, grading, weighing and storing of fish and to regulate the processing of fish.

Fish Marketing Regulations 2010 ("**Fish Marketing Regulations**") further provides that no person shall have any fish dealings without licence unless at a prescribed wholesale fish market or a retail fish market. No person shall import or export any fish without licence and any fish to be exported or imported shall pass through a legal entry or exit. No person shall process any fish without licence and any fish processing shall be carried out at a place or premise prescribed. A licence issued or renewed shall be valid for a period of 1 year from the date of the licence issued and subject to such prescribed terms and conditions.

Any person, other than a body corporate but including a director or officer of a body corporate who commits an offence under this Act or any rule made thereunder in respect which no penalty is expressly provided for, shall be liable on conviction, to imprisonment for a term not exceeding 2 years or to a fine not exceeding RM15,000 or to both, and for a second or subsequent offence, to imprisonment for a term not exceeding 5 years or to a fine not exceeding RM25,000 or to both.

Any body corporate which commits an offence under any of the provisions of this act or of any rule made thereunder shall be liable on conviction to a fine not exceeding RM25,000 and for a second or subsequent offence, to a fine not exceeding RM50,000.

(F) The Food Act 1983

The Food Act 1983 ("**FA 1983**") (together with the Food Regulations 1985) was enacted to protect the public against health hazards and fraud in the preparation, sale and use of food, and for matters incidental thereto or connected therewith.

The FA 1983 is applicable to all foods sold in Malaysia either locally produced or imported, covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

Sections 13 to 17 of FA 1983 provides that any persons that prepare and sell food containing substances injurious to health, unfit for human consumption, and adulterated food commits an offence under the Act and shall be liable, upon conviction to a fine that could range from RM20,000 to RM100,000 respectively or to imprisonment for a term ranging from 3 to 10 years or both. In addition, the Director General of Health may, by notice in writing, order that food be recalled, removed or withdrawn from sale from any food premises.

Section 24 of the FA 1983 further provides that every person who prepares, packages, labels, advertises or sells any food shall be deemed to do so either on his own account or as the agent or servant of any other person. In the case of any preparation, packaging, labelling, advertisement or sale by an agent or servant, his principal or employer shall be under the same liability as if he had effected the preparation, packaging, labelling, advertisement or sale personally.

Section 33A provides that where a body corporate commits an offence under the FA 1983 or any regulations made under the FA 1983, any person who, at the time of the commission of the offence, was a director, manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity, or was in any manner or to any extent responsible for the management of any of the affairs of the body corporate, or was assisting in such management may be charged severally or jointly in the same proceedings with the body corporate and where the body corporate is found guilty of the offence, shall be deemed to be guilty of that offence unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

(G) The Food Regulation 1985

Regulation 9 of the Food Regulations 1985 ("**FR 1985**") provides that no person shall advertise for sale or sell food contained in a package if the package does not bear all the particulars required to be contained on a label required by the regulations; or if the label contains something that is prohibited by the regulations; or if the label contains particulars that are not in the position or manner required by these regulations.

Pursuant to regulation 11 of the FR 1985, every package containing food for sale shall include among others, the appropriate designation of the food containing the common name of its principal ingredients. In some cases, specific statements are further required.

Regulation 397 of FR 1985 provides that any person who contravenes or fails to comply with the provisions of FR 1985 commits an offence and where no penalty is provided by the FR 1985, the offender will be liable to a fine not exceeding RM10,000 or imprisonment of a term not exceeding 2 years.

(H) Food Hygiene Regulation 2009

Regulation 3 of the Food Hygiene Regulation 2009 ("**FHR 2009**") prohibits any person from using any food premises for the purposes or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food or the relabeling, reprocessing or reconditioning of any food unless the premises are registered with the Ministry of Health. FHR 2009 provides that among others all food premises involved in the manufacturing of food and premises where food is prepared, processed, stored or served for sale shall be licenced. Failure to comply with the same constitutes an offence under FHR 2009 and upon conviction, the offender shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

The Director General of Health shall on being satisfied with the information and particulars of the application issue a certificate of registration which shall, upon issuance, be conspicuously displayed in the food premises. The said certificate shall be valid for a period not exceeding three years from the date of its issuance. An application for renewal of the certificate of registration shall be made at least 30 days before its expiry. Failure to comply with the same constitute an offence under FHR 2009 and upon conviction, the offender shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

Regulation 11 of FHR 2009 provides that a proprietor, owner or occupier of food premises shall not employ or allow any food handle to work in his food premises unless the food handler has undergone a food handler training and has been medically examined and vaccinated by a registered medical practitioner.

The FHR 2009 also provides for general duties of the proprietor, owner or occupier and food handlers in relation to the training of food handlers, cleanliness of food premises, preparing, packaging and serving of food and storage, exposure and display of food for sale.

(I) Control of Padi and Rice Act 1994

The Control of Padi and Rice Act 1994 ("**CPRA 1994**") governs the law relating to padi and rice and for other matters connected therewith. The duties and function of the Director General for the control of padi and rice shall be amongst others, to conserve and maintain an adequate supply of padi and rice; to ensure a fair and stable price of padi for farmers; to ensure a fair and stable price of rice for consumers; and to ensure sufficient supply of rice to meet all emergencies.

Control of Padi and Rice (Licensing of Wholesalers and Retailer) Regulations 1996 ("**CPR Licensing Regulations 1996**") came into force on 1 January 1997 and provides that no person shall sell rice by wholesale or retail except under a licence issued in accordance with Regulation 4. The Licence shall be valid for a period stated therein and subject to such terms and conditions as may be specified; shall not be transferred or assigned to any other person and shall be exhibited at a conspicuous place at the address specified in the licence.

A licencee shall not store or keep, or permit to be stored or kept, any rice except at the business premises or stores specified in the licence and shall not hoard, conceal or destroy rice.

A person other than a body corporate but including a director or officer of a body corporate who commits offence or who fails to comply with any of the provisions of the CPRA 1994 or any regulation made thereunder in respect of which no penalty is expressly provided for, shall on conviction be liable to a fine not exceeding RM15,000 or to imprisonment for a term not exceeding 2 years or to both, and for a second or subsequent offence, to a fine not exceeding RM25,000 or to imprisonment for a term not exceeding 5 years or to both.

A body corporate which commits an offence under, or fails to comply with, any of the provisions of the CPRA 1994 or any regulation made thereunder shall, on conviction, be liable to a fine not exceeding RM25,000 and for a second or subsequent offence, to a fine not exceeding RM50,000.

(J) Control of Supplies Act 1961

The Control of Supplies Act 1961 ("**CSA 1961**") provides for the control and rationing of supplies. The Controller may, subject to this Act or any regulations made thereunder and to such conditions as he may think fit, by written licence authorise any person to sell wholesale or retail any controlled article in any premises or at a place or places specified in the licence.

Any person, not being the holder of a valid licence issued under this Act or any regulation made thereunder, who, either on his own behalf or on behalf of any firm of which he is a partner, sells by wholesale or retail any controlled article in any premises or at a place either than the premises or place specified in the licence, or who so sells any controlled article contrary to any conditions expressed in the licence, shall be guilty of an offence against this Act.

Any body corporate which commits an offence against this Act shall, on conviction, be liable to a fine not exceeding RM2,000,000 and, for a second or subsequent offence, to a fine not exceeding RM5,000,000.

The Control of Supplies Regulations 1974 ("**CSR 1974**") further provides that license must be issued in respect of the list of goods provided under the Schedule of CSR 1974 if the goods are dealt by in relation to wholesale and retail.

(K) Trade Description Act 2011

Trade Descriptions Act 2011 ("**TDA 2011**") is an act for the purpose of promoting good trade practices by prohibiting false trade descriptions and false or misleading statements, conduct and practices in relation to the supply of goods and services and to provide for matters connected therewith or incidental thereto.

TDA 2011 provides that any person who applies a false trade description to any goods, supplies or offers to supply any goods to which a false trade description is applied, or exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied commits an offence and shall on conviction be liable, if such person is a body corporate, to a fine not exceeding RM250,000 and for a second or subsequent offence, to a fine not exceeding RM500,000.

TRADE DESCRIPTION (DEFINITION OF HALAL) ORDER 2011 AND TRADE DESCRIPTIONS (CERTIFICATION AND MARKING OF "HALAL") ORDER 2011

The relevant provisions of halal in Malaysia are governed under the TDA 2011. The Department of Islamic Development Malaysia (JAKIM) and State Islamic Religious Council are the responsible authorities in the affairs of halal in Malaysia.

Pursuant to the Trade Description (Definition of Halal) Order 2011, "halal" food means food that followed the requirements that has been imposed by the Islamic law on food and goods, i.e food that neither consist nor contains any part of an animal that is prohibited by Islamic laws or has not been slaughtered in accordance with Islamic laws.

The Trade Descriptions (Certification and Marking of Halal) Order 2011 ("**TDO 2011**") provides that all the foods and goods, including those imported, cannot be described as halal or described in any other way to show that the food or goods can be consumed by Muslims unless it is certified by the competent authority as halal or marked with the logo as specified in the first schedule of the TDO 2011.

Any person who (i) applies a false trade description to any goods; (ii) supplies or offers to supply any goods to which a false trade description is applied; or (iii) exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied, commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

(L) Land Public Transport Act 2010

The Land Public Transport Act 2010 ("**LPTA 2010**") provides that no person shall operate or provide a goods vehicle service using a class of goods vehicles for the carriage of goods for hire or reward or for or in connection with any trade or business unless he holds an operator's licence. Pursuant to the act, a person would be deemed to be operating or providing a goods vehicle service if he drives the vehicle or employs one or more persons to drive the vehicle.

In the case of a contravention by a company, the company will be deemed to have committed an offence and upon conviction shall be liable to a fine not exceeding RM200,000. In the event, that a person contravenes the same, the person shall be liable to a fine not exceeding RM10,000 or an imprisonment for a term not exceeding one year or both.

2. Laws and Regulations Relating to Customs

(A) The Customs Act 1967, Customs (Prohibition of Imports) Order 2017 and Customs (Prohibition of Exports) Order 2017

Under the Customs Act 1967 ("**CA 1967**"), the Minister of Finance of Malaysia ("**MOF**") may from time to time fix the custom duties to be levied on any goods imported into or exported from Malaysia and any customs duty payable under CA 1967 may be recovered as a civil debt due to the Government of Malaysia. The MOF also has the power to prohibit the importation and exportation of certain goods absolutely or except under an import or export licence issued by the Director General of Customs and Excise or the proper officer of customs appointed by the Director General of Customs and Excise to act on his behalf at the ministry, department or statutory body as specified in the Customs (Prohibition of Imports) Order 2017, including but not limited to MAQIS (as defined below).

Pursuant to Section 2 of the CA 1967, customs agent means any person approved under Section 90 of the CA 1967 to undertake any customs transactions on behalf of another person.

Companies intending to operate as freight forwarding agents/customs agent and shipping agents are required to obtain the relevant licenses from Royal Malaysia Customs Department (RMCD) in accordance with Section 90 of the CA 1967.

Pursuant to the guidebook on logistic services ("**Guidebook**") issued by the Malaysia Investment Development Authority ("**MIDA**"), it is stated that for a company to qualify for a freight forwarding agents/customs agent license, it must first obtain an integrated international logistic services (IILS) status from MIDA before acquiring the license from the RMCD.

(B) Malaysian Quarantine and Inspection Services Act 2011

Section 11 of the Malaysian Quarantine and Inspection Services Act 2011 ("**MAQIS Act 2011**") provides that no person shall import and export any plant, animal, carcass, fish, agricultural produce, soil or microorganism without a permit, licence or certificate issued under this act.

Section 15 of the MAQIS Act 2011 provides that any person who is involved in the importation or exportation of plants, animals, carcasses, fish, agricultural produce, soils or microorganisms shall comply with any import conditions as specified in the permit, licence or certificate or export conditions as specified in the permit or licence.

An application for a permit, licence or certificate to import or a permit or licence to export any plant, animal, carcass, fish, agricultural produce, soil or microorganism shall be made to the Director General of Quarantine and Inspection in the manner as determined by the Director General of Quarantine and Inspection and shall be accompanied by the prescribed fees.

Any person who is involved in the importation and exportation of any plant, animal, carcass, fish, agriculture produce, soil or microorganism who contravenes the above commits an offence and shall, on conviction, be liable to a fine not exceeding RM100,000 or to imprisonment for a term not exceeding 6 years or to both and, for a second or subsequent offence to a fine not exceeding RM150,000 or to imprisonment for a term not exceeding 7 years or to both.

3. Laws and Regulation Relating to Consumer Protection

(A) The Consumer Protection Act 1999

The Consumer Protection Act 1999 ("**CPA 1999**") is an act enacted to provide greater protection for the consumer. All the products shall meet the requisite safety standards including, the performance, composition, contents, manufacture, processing, design, construction, finish or packaging of the goods, the testing of the goods during or after manufacture or processing and the form and content of markings, warnings or instructions to accompany the goods.

The person supplying or offering to supply the goods or services shall adopt and observe a reasonable standard of safety to be expected by a reasonable consumer, due regard being had to the nature of goods or services concerned.

Failure to comply the same will on conviction be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

CPA 1999 also provides for consumer's right of redress against manufacturers, which includes, obtaining damages from the manufacturer for the reduction in the value of the goods resulting from the manufacturer's failure, namely: (i) the reduction below the price paid or payable by the consumer for the goods; or (ii) the reduction below the average retail price of the goods at the time of supply, whichever price is lower; and for any loss or damage to the consumer resulting from the manufacturer's failure, other than loss or damage through a reduction in the value of the goods, which is proved to be a result or consequence of the failure.

(B) The Price Control and Anti Profiteering Act 2011

The Price Control and Anti-Profiteering Act 2011 ("**PCAPA 2011**") provides that any person who in the course of trade or business, making profit unreasonably high in selling or offering to sell or supplying or offering to supply any goods or services commits an offence.

The Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit) Regulations 2018 ("**PCAPR 2018**") was issued by the Malaysia Government in exercise of the powers conferred by the PCAPA 2011.

The PCAPR 2018 applies to any goods sold or offered for sale and any services supplied or offered for supply. The PCAPR 2018 provides for a mechanism to determine unreasonably high profit through the mark-up percentage or the margin percentage using the prescribed formulas.

In addition, Malaysian government may from time to time imposes the maximum wholesale price and retail price for certain commodities. Pursuant to the Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 3) Order 2018 which came into effect on 1 September 2018, the price of the "coarse grain white refined sugar" is capped at a maximum of RM2.77 per kg for the wholesale price and RM2.85 per kg for the retail price and the price of the "fine grain white refined sugar" is capped at a maximum of RM2.85 per kg for the wholesale price and RM2.95 per kg for the retail price.

Besides, the price for "pure palm cooking oil packed in bottle" is also subject to retail price control at a maximum of RM6.70 per 1 kg, RM12.70 for 2 kg, RM18.70 for 3 kg and RM29.70 for 5 kg pursuant to the Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 6) Order 2021 which came into effect on 1 August 2021.

Further, the Malaysian government has, pursuant to the PCAPA 2011, implemented the Festive Season Price-Controlled Scheme ("**SKHMP**") since the year 2000 in order to protect consumers against profiteering, to determine the maximum price of essential festive goods and to ensure that the goods are sold at the price determined and are readily available, during the essential festive seasons in Malaysia.

The duration for the implementation of the SKHMP is dependent on the duration of the specific festive season. It usually only lasts for a short period of not more than a month. In this respect, the types of the price-controlled goods will also be varied for each festive season depending on the festival concerned and prior announcement on the types of the price-controlled goods will be announced by the Malaysian government.

Any person who commits an offence including the contravention of the SKHMP shall, on conviction, be liable where such person is a body corporate, to a fine not exceeding RM500,000 and, for a second or subsequent offence, to a fine not exceeding RM1,000,000.

However, as our Group is selling the cooking oil as a distributor based on the price range recommended by the supplier, therefore the sale price of the cooking oil by our Group is not subject to price control as the price control for pure palm cooking oil pursuant to Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 6) Order 2021 is imposed on the retail price.

4. Employment and Labour Protection

(A) The Employment (Restriction) Act 1968

The Employment (Restriction) Act 1968 ("**ERA 1968**") provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued. The company shall first obtain employment of foreign workers quota approval from the Ministry of Home Affairs Malaysia.

According to the Ministry of Home Affairs Malaysia, the employment of foreign workers is limited to the following approved sectors that is, the manufacturing, construction, agriculture, plantation, and services sector and the approved source countries for employment of foreign workers are as follows –

Source Country	Sectors
Thailand Cambodia Myanmar Laos Vietnam Kazakhstan Nepal Pakistan Sri Lanka Turkmenistan Uzbekistan	All sectors that is, manufacturing, construction, agriculture, plantation and services sectors.
Bangladesh	Plantation via G2G agreement.
Philippines	Female workers are not allowed to work in all sectors.
Indonesia	Male workers from Indonesia are allowed to work in all sectors except the manufacturing sector. Female workers from Indonesia are allowed to work in all sectors.
India	Services (goldsmith, wholesale/retail, restaurant-cooks only, metal/scrap materials and recycling, textiles and barbers), construction (high tension cables), agricultural and plantation sectors.

The employment of foreign workers is also subject to payment of levies (in Peninsular) by the employers according to sectors, as follows –

Sectors	**Levy Rate**
Manufacturing	RM1,850
Construction	RM1,850
Plantation	RM640
Agricultural	RM640
Services (island resort)	RM1,850
Services	RM1,850

Upon obtaining the approval from the Ministry of Home Affairs Malaysia to employ foreign workers, the company is required to submit applications for Employment Pass to Foreign Workers Division, Immigration Department of Malaysia.

An employment permit shall unless sooner cancelled or suspended, be valid for a period not exceeding 2 years and it may, on the expiry of its period of validity be renewed.

Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding one year or both wherein the word of "employer" is defined under ERA 1968 as any person who has entered into a contract of service to employ any other person as an employee includes the agent, manager or factor of such first mentioned person.

(B) The Immigration Act 1959/63

The Immigration Act 1959/63 ("**IA 1959**") is an act relating to immigration. No person other than a citizen shall enter Malaysia unless (a) he is in possession of a valid entry permit; (b) his name is endorsed upon a valid entry permit and he is in the company of the holder of such entry permit; (c) he is in possession of a valid pass; or (d) an exemption has been granted to him under the IA1959.

Any person who employs one or more persons, other than a citizen or a holder of an entry permit who is not in possession of a valid pass shall be guilty of an offence and shall, on conviction, be liable to a fine of not less than RM10,000 but not more than RM50,000 or to imprisonment for a term not exceeding 12 months or to both for each such employee.

(C) Minimum Wages Order 2020 and Minimum Wages Order 2022

The Minimum Wages Order 2020 ("**MWO 2020**") and the Minimum Wages Order ("**MWO 2022**") impose minimum wages on all employees.

The MWO 2020 was gazetted on 10 January 2020 in accordance with Subsection 23(1) of the National Wages Consultative Council Act 2011 ("**NWCCA 2011**"), which comes into effect on 1 February 2020.

Pursuant to Paragraph 4 of the MWO 2020, the minimum wages rates payable to an employee in Peninsular Malaysia was RM1,200 per month or RM5.77 per hour for private sector workers in Peninsular Malaysia, is applicable only for those city council or municipal council areas as specified in the Schedule of the MWO 2020.

In contrast and pursuant to Paragraph 4 of the MWO 2022 and with effect from 1 May 2022, the minimum wages rates payable to an employee was revised to RM1,500 per month, or RM7.21 per hour and is applicable only for:

(i) employer who employs five (5) or more employees in a company; and

(ii) regardless of the number of employees employed, employer who carries out a professional activity classified under the Malaysia Standard Classification of Occupations ("**MASCO**") as published officially by the Ministry of Human Resources.

Pursuant to Paragraph 5 of the MWO 2022 and with effect from 1 January 2023, the minimum wages rates payable to an employee was also revised to RM1,500 per month, or RM7.21 per hour and is applicable for an employer who employs less than 5 employees in a company other than an employer who carries out a professional activity classified under the MASCO as published officially by the Ministry of Human Resources.

Pursuant to Paragraph 6 of the MWO 2022 and with effect from 1 May 2022 to 31 December 2022, the minimum wages rates payable to an employee remained at RM1,200 per month, or RM5.77 per hour for employees working in city council or municipal council areas in contrast with RM1,100 per month, or RM5.29 per hour for employees working in areas other than the city council or municipal council as specified in the Schedule of the MWO 2020. Paragraph 6 of the MWO 2022 is applicable only for employer who employs less than 5 employees in a company other than an employer who carries out a professional activity classified under the MASCO as published officially by the Ministry of Human Resources.

Under NWCCA 2011, any party who fails to comply with the order, if convicted, can be fined up to RM10,000 for each offence and RM1,000 per day for a continuing offence. Repeat offenders may face penalties of up to RM20,000 or five years' jail.

(D) The Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 ("**OSHA 1994**") provides a legislative framework to promote standards for safety and health at work. Pursuant to the provisions contained the OSHA 1994, the employer has a duty to ensure, so far as is practicable, the safety, health and welfare at work of the employees. A person who contravenes the Act shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 2 years or to both.

The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

It is required by OSHA 1994 that every employer shall establish a safety and health committee at the place of work if (a) there are 40 or more persons employed at the place of work; or (b) the Director General of Occupational Safety and Health directs the establishment of such a committee at the place of work. The committee's main function is to review the safety and health measures and investigate any matters arising thereof. Companies engaging in manufacturing activities which employ more than 500 employees are required to employ a competent person to act as a safety and health officer at the place of work. Failure to comply will attract a fine of not exceeding RM5,000 or to imprisonment for a term not exceeding six months or to both.

Where a body corporate contravenes any provisions of the OSHA 1994 or any regulations made thereunder, every person, who at the time of the commission of the offence is a director, manager, secretary or other like officer of the body corporate shall be deemed to have contravened the provision and may be charged jointly in the same proceedings with the body corporate or severally, and every such director, manager, secretary or other like officer of the body corporate shall be deemed to be guilty of the offence.

(E) The Employees Provident Fund Act 1991

The Employees Provident Fund ("**EPF**") is a social security institution formed in accordance with the Employees Provident Fund Act 1991 ("**EPFA 1991**") providing for the retirement benefits for employees through the management of their savings in an efficient and reliable manner.

Under EPFA 1991, both the employer and employee are required to make contributions to the employee's individual account in the EPF. The employers are required to contribute EPF to employees who are Malaysian citizens or permanent residents. Expatriates and foreign workers, who are not Malaysian citizens or permanent residents are not required to contribute EPF unless they elect to do so. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee.

The Employees Provident Fund (Amendment of Third Schedule) Order 2020 which comes into operation on 1 April 2020 provides for the rate of contribution for Malaysian citizens and permanent residents in Malaysia effective from 1 April 2020 to 31 December 2020. The minimum employee contribution to the EPF will be reduced by 4% from 11% to 7%. However, EPF members have the option to elect to continue deduction at a higher rate.

The EPF further announced on 28 November 2020 that for the year 2021, the employee's share of statutory rate of contribution shall be reduced from 11% to 9% and will be in effect for an entire year, affecting wages for the months of January 2021 to December 2021. Similarly, EPF members have the option to elect to continue deduction at a higher rate.

However, on 1 July 2022, the Employees Provident Fund (Amendment of Third Schedule) Order 2022 has come into operation and it provides that the rate of contribution for employees who are Malaysian citizens and permanent residents in Malaysia onwards would return to 11% effective from 1 July 2022 onwards.

Every employer shall before the end of the first week in the first month in which he is paying wages in respect of which he is required to pay contributions under EPFA 1991, register with the EPF Board unless he is already registered with the EPF Board.

If the employer fails to make the required contribution to the EPF within the prescribed period, the company and the directors will be jointly and severally liable to pay in respect of or on behalf of any employee, the said contributions which is inclusive of any dividend and interest due on any contribution and shall, on conviction, be liable to imprisonment for a term not exceeding 3 years or to a fine not exceeding RM10,000 or to both.

5. Taxation

(A) Income Tax Act 1967

Pursuant to the Income Tax Act 1967 ("**ITA 1967**"), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia. Section 7 of ITA 1967 defines tax resident as an individual who has been residing in Malaysia for 182 days of the tax year.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia.

Resident companies with a paid-up capital of more than RM2,500,000 and non-resident companies are subject to a tax rate of 24% during the year of assessment 2019-2021.

Resident companies with a paid-up capital of less than RM2,500,000, are subject to a tax rate of 17% for the first RM500,000 and 24% for any sum in excess of RM500,000 for the year of assessment 2019. The rates described will not apply if such resident company is a member of a group of companies where any of its related company has a paid-up capital of RM2,500,000 or more.

Furtherance thereto, for year of assessment 2020 and 2021, resident companies with a paid-up capital of RM2,500,000.00 or less, they are taxed at the rate of 17% for the first RM600,000.00 and 24% for any subsequent balance thereto.

Pursuant to the Income Tax (Deduction from Remuneration) Rules 1994 and the Income Tax (Deduction from Remuneration) (Amendment) Rules 2015, it is mandatory for employers to make deductions from their employees' remuneration every month in accordance with the Monthly Tax Deduction Schedule. Employer shall then pay to the Director General the deducted remuneration by the 15th day of the month following the month of deduction.

(B) Goods and Services Tax Act 2014, Sales Tax Act 2018 & Service Tax Act 2018

The Goods and Services Tax Act 2014 ("**GSTA 2014**") provides that goods and services tax ("**GST**"), at 6%, is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person. A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs.

The Goods and Services Tax (Rate of Tax) (Amendment) Order 2018 has substituted all rate of taxes from the 6% to 0% and has come into operation on 1 June 2018.

Effective 1 September 2018, the Goods and Service Tax (Repeal) Act 2018 provides that the GSTA 2014 is repealed and replaced by Sales Tax Act 2018 and Service Tax Act 2018. Pursuant to Sales Tax Act 2018, sales tax is charged and levied on all the taxable goods, manufactured and sold, used or disposed of in Malaysia by a registered manufacturer or imported into Malaysia by any person. Sales tax in an ad valorem tax and different rates applied based on groups of taxable goods.

Pursuant to Sales Tax (Total Sale Value of Taxable Goods) Order 2018, the total sale value of taxable goods for the purpose of registration as a registered manufacturer is RM500,000 per annum.

Whereas pursuant to the Service Tax Act 2018, any person who render services as specified under the Service Tax Regulations 2018 are subject to the service tax. The rate of service tax shall be charged at the rate of 6%.

As the Group is neither involved in any manufacturing activities nor are rendering any services, the Group is not subjected to the sales and service tax regime.

Any person who intends to evade or assist any other person to evade sales tax commits an offence and shall on conviction, be liable to a fine not less than 10 times and not more than 20 times the amount of service tax or to imprisonment for a term not exceeding 5 years or to both.

(C) Promotion of Investments Act 1986

The Promotion of Investments Act 1986 ("**PIA 1986**") is an act to make provision for promoting by way of relief from income tax the establishment and development in Malaysia of industrial, agricultural and other commercial enterprises, for the promotions of exports and for incidental and related purposes.

One of the main tax incentives provided under the PIA 1986 is the pioneer status, which is granted by Ministry of International Trade and Industry Malaysia ("**MITI**").

Pioneer status provides for income tax exemption of 70% to 100% of statutory income for 5-10 years. Unabsorbed capital allowances and accumulated losses incurred during the pioneer period can be carried forward and deducted from the post pioneer status of the company.

Pursuant to the guideline for application for tax incentives for companies providing cold chain facilities issued by MIDA, companies providing cold chain facilities and services for perishable agricultural products are eligible for certain tax incentives such as the pioneer status or investment tax allowance ("**Cold Chain Incentives**"). New companies that are granted with pioneer status are eligible with tax exemption of 70% of statutory income for a period of 5 years and existing companies are eligible with tax exemption of 70% on the increased statutory income arising from reinvestment for a period of 5 years.

Pursuant to the guideline for application for tax incentives for companies providing cold chain facilities issued by MIDA, a company undertakes integrated logistics services activities are eligible for certain tax incentives such as the pioneer status or investment tax allowance ("**ILS Incentives**"), whether new entrants or existing logistics services providers intending to expand/diversify into integrated operations. The company with the grant of pioneer status will be eligible for income tax exemption of 70% of the statutory income for a period of 5 years.

Any company which has been granted pioneer status shall within 24 months from the date of such grant or such extended period as MITI allow, request for a pioneer certificate. The tax relief period of a pioneer company shall begin on the day as specified in the pioneer certificate and continue for a period of 5 years and may make an application for extension of tax relief period for another 5 years subject to the discretion of MITI with the concurrence in writing of the Minister of Finance.

6. Foreign Exchange Control

(A) The Financial Services Act 2013

The business of the Group in Malaysia is subject to foreign exchange laws and regulations in Malaysia.

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The Financial Services Act 2013 ("**FSA 2013**") provides regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

Foreign exchange administration rules allow non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, it must be made in foreign currency.

Based on the aforementioned, the Company is free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit the Company's ability to repatriate dividends or distribution to the Company and could adversely affect the Group's financial condition.

7. Environment

(A) Environmental Quality Act 1974

Pursuant to Section 21 of the Environmental Quality Act 1974 ("**EQA 1974**"), the Minister may, after consultation with the Council, specify acceptable conditions for the emission, discharge or deposit of wastes into the environment.

Pursuant to Section 45 of EQA 1974, the Director General or any Deputy Director General of Environmental Quality or any other public officer or any local authority to which the Director General of Environmental Quality has delegated such power in writing, may compound any offence under EQA 1974 or the regulations made thereunder which is prescribed by the Ministry of Energy, Science, Technology, Environment & Climate Change to be a compoundable offence with a compound or fine not exceeding RM2,000.

8. COVID-19 Related Disclosure

(A) Prevention and Control of Infectious Diseases (Measures Within the Infected Local Areas) Regulations 2020

On 16 March 2020, the Government of Malaysia exercised its power under the Prevention and Control of Infectious Diseases Act 1988 and issued the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations 2020 ("**PCIDR 2020**") to regulate the first phase of the movement control order ("**MCO**") which is effective from 18 March 2020 until 31 March 2020.

The movement control order was then further extended into the second phase from 1 April 2020 to 14 April 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 2) Regulations 2020 ("**PCIDR (No. 2) 2020**"), third phase from 15 April 2020 to 28 April 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 3) Regulations 2020 ("**PCIDR (No. 3) 2020**"), fourth phase from 29 April 2020 to 12 May 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 4) Regulations 2020 ("**PCIDR (No. 4) 2020**").

On 1 May 2020, the Government of Malaysia announced that all economic sectors and businesses (save for those that are specifically excluded) will be allowed to resume operations, subject to conditions and standard operating procedures, from 4 May 2020 ("**Conditional Movement Control Order/ CMCO**"). On 3 May 2020, the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 5) Regulations 2020 ("**PCIDR (No. 5) 2020**") were gazetted to regulate the CMCO for the fifth phase period from 4 May 2020 to 12 May 2020 and revoked the PCIDR (No. 4) 2020.

The CMCO was extended to the sixth phase from 13 May 2020 to 9 June 2020 pursuant to Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 6) Regulations 2020 ("**PCIDR (No. 6) 2020**").

On 7 June 2020, the Government of Malaysia announced that the country would transition from CMCO, which was in force until 9 June 2020, to a recovery movement control order ("**RMCO**"). In line with this, the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 7) Regulations 2020 ("**PCIDR (No. 7) 2020**") were gazetted on 10 June 2020 to regulate the RMCO seventh phase period from 10 June 2020 to 31 August 2020. The RMCO was extended to the eighth phase from 1 September 2020 to 31 December 2020 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 8) Regulations 2020 ("**PCIDR (No. 8) 2020**") and ninth phase from 1 January 2021 to 31 March 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (No. 9) Regulations 2020 ("**PCIDR (No. 9) 2020**").

On 11 January 2021, the Government of Malaysia announced the reinstatement of MCO and CMCO for some states while some states remained under the RMCO. These measures will remain in force for two weeks from 13 January 2021 to 26 January 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Movement Control) Regulations 2021 ("**PCIDR (Movement Control) 2021**"), Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Conditional Movement Control) Regulations 2021 ("**PCIDR (Conditional Movement Control) 2021**") and Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Recovery Movement Control) Regulations 2021 ("**PCIDR (Recovery Movement Control) 2021**").

The MCO was subsequently extended for six more phases in certain states of Malaysia until 17 May 2021, pursuant to the Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) (Movement Control) (No. 2) Regulations 2021 ("**PCIDR (Movement Control) (No. 2) 2021**"), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 3) Regulations 2021 ("**PCIDR (Movement Control) (No. 3) 2021**"), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) Regulations 2021 ("**PCIDR (Movement Control) (No. 4) 2021**"), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 2) Regulations 2021 ("**PCIDR (Movement Control) (No. 4) Amendment No. 2 2021**"), Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 8) Regulations 2021 ("**PCIDR (Movement Control) (No. 4) (Amendment) No. 8 2021**") and Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (Movement Control) (No. 4) (Amendment) (No. 13) Regulations 2021 ("**PCIDR (Movement Control) (No. 4) (Amendment) No. 13 2021**"). The states in Malaysia with lower number of confirmed cases were placed under the more relaxed CMCO or RMCO.

Due to consistent high numbers of COVID-19 infections in the country, it was announced on 28 May 2021 that Malaysia will enter into a phase of full lockdown nationwide between the period of 1 June 2021 until 14 June 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 2) Regulations 2021 ("**PCIDR (Measures within Infected Local Areas) (No. 2) Regulations 2021**"). The lockdown was then extended from 15 June 2021 until 28 June 2021 pursuant to the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 3) Regulations 2021 ("**PCIDR (Measures within Infected Local Areas) (No. 3) Regulations 2021**").

On 15 June 2021, the Government of Malaysia unveiled the National Recovery Plan ("**NRP**") which comprises four phases. The key threshold indicators for the four phases are the COVID-19 infection rate in the community, capacity of the public healthcare system, and vaccination rate. On 27 June 2021, the Government of Malaysia announced that the first phase of the NRP would be extended from 29 June 2021 until the thresholds for implementing the second phase are attained, namely the number of new COVID-19 cases falls below the 4,000-mark, there is moderate demand for beds in the intensive care unit, and 10 per cent of the population is fully vaccinated.

As most states in Malaysia have achieved the thresholds imposed, they have slowly transitioned to phase three and phase four of the NRP where social distancing measure were relaxed in light of the improved COVID-19 infection numbers alongside the stabilization of the hospital situation.

To give effect to the extension of the first phase of NRP, the Prevention and Control of Infectious Diseases (Measures within Infected Local Areas) (No. 4) Regulations 2021 ("**PCIDR (Measures within Infected Local Areas) (No. 4) Regulations 2021**") were gazetted on 28 June 2021 and came into force on 29 June 2021. Subsequently, the PCIDR (Measures within Infected Local Areas) (No.4) Regulations 2021 were revoked and replaced by the Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021 ("**PCIDR (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021**") that came into force on 5 July 2021.

The PCIDR 2020, PCIDR (No.2) 2020, PCIDR (No.3) 2020, PCIDR (No. 4) 2020, PCIDR (No.5) 2020, PCIDR (No.6) 2020, PCIDR (No.7) 2020, PCIDR (No.8) 2020, PCIDR (No.9) 2020, PCIDR (Movement Control) 2021, PCIDR (Conditional Movement Control) 2021, PCIDR (Recovery Movement Control) 2021, PCIDR (Movement Control)(No.2) 2021, PCIDR (Movement Control) (No.2) (Amendment) (No.3) 2021, PCIDR (Movement Control) (No.3) 2021, PCIDR (Movement Control) (No.4) 2021, PCIDR (Movement Control) (No.4) Amendment No.2 2021, PCIDR (Movement Control) (No. 4)(Amendment) No. 8 2021, PCIDR (Movement Control) (No. 4) (Amendment) No. 13 2021, PCIDR (Measures within Infected Local Areas) (No. 2) Regulations 2021, PCIDR (Measures within Infected Local Areas) (No. 3) Regulations 2021, PCIDR

(Measures within Infected Local Areas) (No. 4) Regulations 2021 and PCIDR (Measures Within Infected Local Areas) (National Recovery Plan) Regulations 2021 shall collectively be known as "**PCIDR**".

The PCIDR regulate amongst others, the control of movement, movement to learning institution, control of gathering and requirement to those arriving in Malaysia to undergo compulsory health examination. Pursuant to the PCIDR, no person shall carry out, organize, undertake or otherwise be involved in, any prohibited activity as specified in the PCIDR, which include amongst others outbound tour activities by a citizen and inbound tour activities involving foreign tourists entering Malaysia except foreign tourists from countries as specified by the minister, activities in pubs and night clubs except restaurant business in pubs and night clubs and any activity which many people in attendance at a place making it difficult to carry out social distancing.

Any person who contravenes any provision of the PCIDR 2020 or any direction of the director general or an authorized officer commits an offence and shall, on conviction, be liable to a fine not exceeding RM1,000 or to imprisonment for a term not exceeding 6 months or to both. Where any person who commits an offence under the PCIDR 2020 is a company or other body of persons, a person who at the time of the commission of the offence was a director, compliance officer, partner, manager, secretary or other similar officer of the company or other body of persons or was purporting to act in the capacity or was in any manner or to any extent responsible for the management of any of the affairs of the company or other body of persons or was assisting in its management: (a) may be charged severally or jointly in the same proceedings with the company or the body of persons; and (b) if the company or the body of persons is found guilty of the offence, shall be deemed to be guilty of that offence and shall be liable to the same punishment or penalty as an individual unless, having regard to the nature of his functions in that capacity and to all circumstances, he proves that the offence was committed without his knowledge, consent or connivance; and that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.

The Malaysian National Security Council ("**NSC**") Guideline further provides for the standard operating procedures which include amongst others the following, that a company engaged in the manufacturing sector is required to:

(i) have a disease prevention protocol;

(ii) conduct health screening on its employees on a daily basis;

(iii) report to the nearest health office of the health of its employee;

(iv) conduct disinfection of its premise;

(v) ensure social distancing and safety procedures are adhered to for the health of its employees;

(vi) adhere to safety ethics in general area of the premise; and

(vii) have an emergency response protocol.

As at the Latest Practicable Date, the Government of Malaysia has introduced a number of measures to support domestic businesses, including amongst others, wage subsidy, flexible work arrangement incentives, cost cutting measure, special relief facility for SME, deferment of loans or financing facilities, restructuring of loans or financing facilities, provision of additional policy stimulus and reduction of the corridor of overnight policy rate, automatic deferment of tax payments, rental relief and tax relief for covid-19 related expenses.

On 8 March 2022, the Government of Malaysia announced that as of 7 March 2022, 98.7% of the adults in the country have completed 2 doses of Covid vaccination and 64% of the adults have also taken Covid vaccination booster. Although with the rise of Covid cases in the country, the cases under Category 3, 4 and 5 are only 0.7%. After taking into several factors, the Government of Malaysia announced that the country will be transitioning from the "Recovery Phase" into the "Endemic Phase" starting from 1 April 2022 with some of the measures taken by the country will be loosened, where amongst others, operation hours for businesses will no longer be limited but wearing of face masks will remain mandatory.

Further, with the re-opening of the borders of Malaysia on 1 April 2022, whereby, amongst others, Malaysian will be able to enter or leave the country as usual with valid travel documents and at the same time visitors to Malaysia with valid travel documents can also enter and leave the country without applying for a pass.

The Malaysian government has further revised on the standard operating procedures in Malaysia where more relaxations are implemented and came into effect on 1 May 2022. In particular, all businesses are allowed to operate from 15 May 2022.

(B) Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) Act 2020

The Temporary Measures for Reducing the Impact Of Coronavirus Disease 2019 (COVID-19) Act 2020 ("**COVID-19 Act 2020**") was published on 23 October 2020 ("**Publication Date**") and provides for the temporary measures to reduce the impact of COVID-19 including to modify the relevant provision of the laws and regulations in Malaysia.

The temporary measures stipulated under the COVID-19 Act 2020 includes amongst others, relief for inability to perform contractual obligations between 18 March 2020 to 31 December 2020, which has subsequently been extended pursuant to the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) Order 2020 for the period from 1 January 2021 to 31 March 2021, and extended for a second time pursuant to Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) Order 2021 for the period from 1 April 2021 to 30 June 2021. Further extension was granted by virtue of the Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Operation) (No.2) Order 2021 for the period from 1 July 2021 until 31 December 2021.

The Temporary Measures for Reducing the Impact of Coronavirus Disease 2019 (COVID-19) (Extension of Time) Order 2021 which was published on 3 February 2021 is deemed to have come into operation on 18 March 2020. It grants an extension of time until 31 March 2021 for the authorities to perform their statutory duties and obligations under the Customs Act 1967, Excise Act 1976, Goods Vehicle Levy Act 1983, Free Zones Act 1990, Countervailing and Anti-Dumping Duties Act 1993, Windfall Profit Levy Act 1998, Safeguards Act 2006, Tourism Tax Act 2017, Sales Tax Act 2018, Service Tax Act 2018, Departure Levy Act 2019 and any subsidiary legislation made that could not be performed from 18 March 2020 to 9 June 2020 due to the measures prescribed, made or taken under the Prevention and Control of Infectious Diseases Act 1988.

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by F&S, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged F&S to prepare the industry report, an independent industry report in connection with the Global Offering. The information from official government sources has not been independently verified by us, the Sole Sponsor, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, the Underwriters, any of their respective directors and advisors, or any other person or party involved in the Global Offering, and no representation is given as to its accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We have commissioned F&S, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the food and beverage distribution industry in Malaysia. The report prepared by F&S for us is referred to in the prospectus as the F&S Report. A total fee of HK$990,000 was paid to F&S for the preparation of the report, which we believe reflects market rates for reports of this type. F&S is a global consulting company founded in 1961 in New York and has over 40 global offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists.

The F&S Report was undertaken through both primary and secondary research obtained from various sources. Primary research involved discussing the status of the industry with certain leading industry participants to obtain objective and factual data and prospective predictions. Secondary research involved reviewing information integration of data and publication from publicly available sources, including official data and announcements from government agencies, and company reports, independent research reports and data based on F&S's own data base.

In compiling and preparing the F&S Report, F&S has adopted the following assumptions (i) the social, economic and political environment in Malaysia is likely to remain stable in the forecast period; and (ii) industry key drivers are likely to drive the food and beverage distribution industry in Malaysia in the forecast period.

Our Directors have confirmed that the source of information used in this section, which are extracted from the F&S Report, are reliable and not misleading. There is no adverse change in the market information since the date of the F&S Report which may qualify, contradict or have impact on the information of this section.

OVERVIEW OF THE FOOD AND BEVERAGE DISTRIBUTION INDUSTRY IN MALAYSIA

Macroeconomic background in Malaysia

Malaysia belongs to the upper-middle income group of countries according to World Bank classification. Due to its newly industrialized market economy, Malaysia is going through a rapid economy growth period. The per capita nominal GDP in Malaysia grew from approximately RM42,854.4 in 2017 to approximately RM47,223.3 in 2021. From 2016 to 2020, Malaysia's population has increased from approximately 31.6 million to approximately 32.6 million, at a relatively CAGR of approximately 0.7%. Due to the robust economic development and the influx of population from rural areas, the urbanization rate in Malaysia correspondingly increased by 2.4 percentage points, from approximately 74.8% in 2016 to approximately 77.2% in 2020. Meanwhile, the disposable income has also witnessed a rapid increase in Malaysia. From 2016 to 2019, the mean monthly household disposable income has grown up from approximately RM5,928 to approximately RM6,764 (approximately 85.6% of gross income) and the median monthly household disposable income has increased from RM4,513 to RM5,116 (approximately 64.8% of gross income).

Overview of Malaysia F&B and F&B Distribution

Definition of food and beverage and food and beverage distribution

Food is any substance consumed to provide nutritional support for the body. It is produced either by Plants or Animals, and contains essential nutrients, such as carbohydrates, fats, proteins, vitamins, or minerals.

Beverage is a liquid intended for human consumption. In addition to their basic function of satisfying thirst, drinks play important roles in human culture.

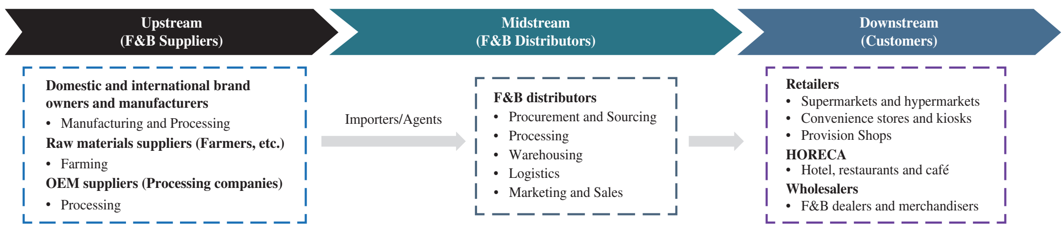
Food and beverage mainly consist of the following categories: 1) fresh food, 2) sauce, oil and condiments, 3) frozen food, 4) dairy products, 5) packaged food and commodities, 6) beverages, 7) others.

Food and Beverage

- **Fresh food** (fruits, meat, eggs, fish, seafood, vegetables, etc.)
- **Sauce, oil and condiments** (soy sauce, ketchup, mustard, barbeque sauce, sugar, spices, jam, honey, olive oil, soybean oil, corn oil, peanut oil, butter, etc.)
- **Frozen food** (frozen meat, frozen pastry, frozen processed meat, frozen processed seafood, frozen vegetable, frozen fries, etc.)
- **Dairy Products** (liquid milk, yogurt, cheese, milk powder, ice cream, etc.)
- **Packaged food and commodities** (cookies, crisps, candies, chocolate, canned food, croissants, cakes, rice, flour, cereals, etc.)
- **Beverages** (juices, energy drinks, bottled water, coffee, tea, wine, beer, etc.)
- **Others**

Food and beverage (F&B) distribution refers to a comprehensive portfolio of services offered by F&B distributors to provide companies with access and expertise to grow their business, including traditional warehousing, logistics, transportation (with cold chain) and delivery services, and also a series of customized value-added business development services along the entire value chain, such as market analysis and research, marketing and sales, as well as after-sales services. F&B distributors support the movement of food and beverage from the upstream F&B suppliers to the downstream F&B customers through their local channels and networks.

Value chain analysis of the food and beverage distribution industry in Malaysia



The upstream of F&B distribution industry include suppliers of third-party and other F&B products (including domestic and international brand owners and manufacturers) and also OEM suppliers and raw materials suppliers for own F&B products. Importers and local agents may also play a role in the value chain who bridge the F&B suppliers and F&B distributors in Malaysia. The downstream players of F&B distribution industry include retailers of different channels, HORECA and wholesalers. F&B distributors at the midstream provide F&B distribution services along the value chain to both upstream suppliers and downstream customers.

Besides, driven by advantages of channels, infrastructure, capital and skills, many F&B distributors have adopted their own product business, including own-brand and white label products, most of which are food and beverage products, such as frozen food, dairy products and sauce and condiments. Repackaging is applied by many F&B distribution companies. F&B distributors can either source and procure products from OEM suppliers and sell under their own brands or choose a total self-production model from purchasing raw materials to manufacturing and packaging. Owing to economies of scale, OEM model can significantly reduce the cost of production, which will enhance the profitability of F&B distribution companies.

Market size of food and beverage industry in Malaysia

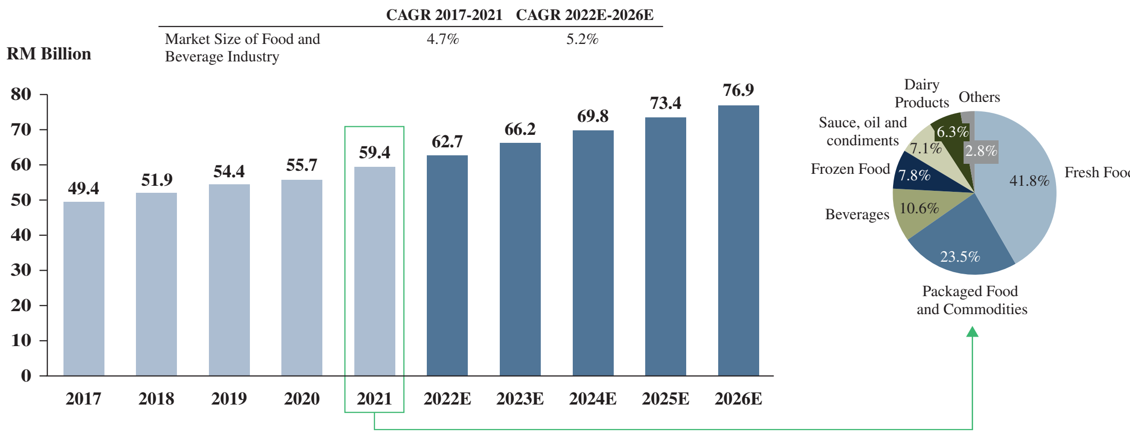
According to F&S Report, the market size of the food and beverage industry in Malaysia increased from approximately RM49.4 billion in 2017 to approximately RM59.4 billion in 2021, illustrating a CAGR of approximately 4.7%. Fresh food is the largest segment in the food and beverage sector, which accounted for approximately 41.8% in 2021, followed by packaged food and commodities (approximately 23.5%), beverages (approximately 10.6%), frozen food (approximately 7.8%), sauce, oil and condiments (approximately 7.1%), dairy products (approximately 6.3%), and other various segments (approximately 2.8%). Looking forward, driven by growing economy and purchasing ability, the market size of the food and beverage market is expected to keep a steady growth, increasing from approximately RM62.7 billion in 2022 to approximately RM76.9 billion by 2026, representing a CAGR of approximately 5.2%. Due to the lockdown of COVID-19, the general public started to pile up food stock, thus promoting the consumption of food and beverage, especially packaged food during the pandemic period. In addition, during the COVID-19, where many people opted to stay at home, thus fueling interest in cooking, increasing the demand for dairy products especially ice-cream and cheese.

Among all downstream customers, retail channel (including hypermarkets and supermarkets, provision shops and convenience stores, etc.) owns the largest share of F&B distribution market in Malaysia, which is approximately 74.0% in 2021. Hypermarkets and supermarkets are the largest one in the retail channels, accounting for more than 50% of the total market.

As an emerging market with rapid economy development, increasing purchasing power and growing population, domestic consumption in Malaysia has increased significantly, making it an attractive market for both domestic brands and foreign brands. From 2017 to 2021, the total import value in Malaysia increased from RM836,422 million to RM987,244 million, representing a CAGR of 4.2%. The demand of both the import and domestic goods in Malaysia has maintained an upward trend over the past few years. Looking forward, with the improvement of Malaysia's distribution, warehousing, and logistics network, as well as the upgrading of consumption, it is expected that the market demand for both imported and domestic products will continue to keep a stable growth rate in the future.

F&S is unable to quantify the demand of imports and domestic goods in Malaysia. Given the complexity of the supply and distribution network of F&B industry in Malaysia, the market players from the different levels of the industry chain that F&S approached were unable to distinguish whether their products originally came from overseas or domestically. Therefore, without the input from the expert interviews and public data, it is impracticable for F&S to ascertain the market size of import and domestic products in the industry.

Market Size of Food and Beverage Industry (Malaysia), 2017-2026E



Note: the market size of food and beverage industry refers to the total GMV of food and beverage sold at final retail price in Malaysia.

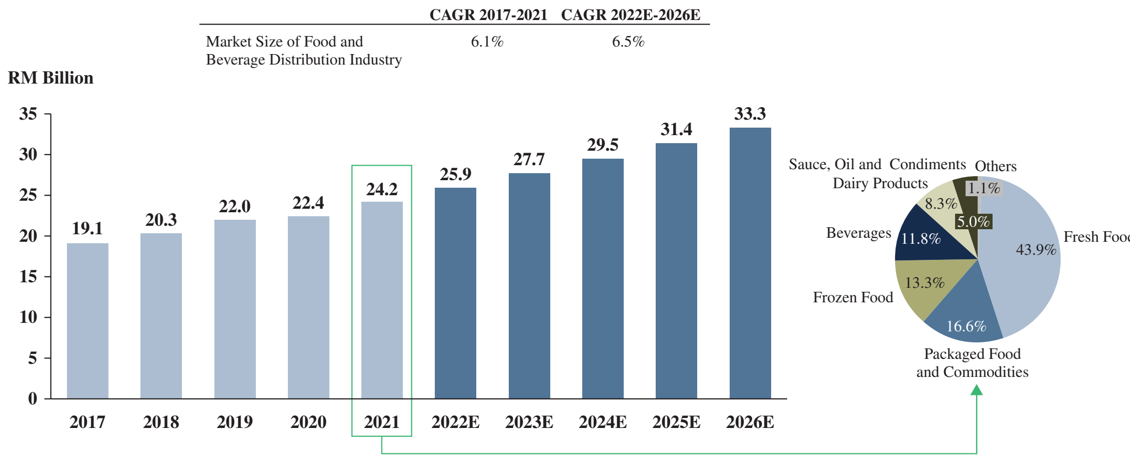
Source: F&S Report

Market size of food and beverage distribution industry in Malaysia

The diverse population and cuisine created a constant demand for a wide variety of food and beverage from round the world, which will further bring great market opportunities for the food and beverage distributors, especially for the food and beverage sector. According to F&S Report, the Malaysia food and beverage distribution market maintained a steady growth during the period from 2017 to 2021, with its market size increasing from approximately RM19.1 billion to approximately RM24.2 billion, illustrating a CAGR of approximately 6.1%. Going forward, with the control of COVID-19, it is expected that the market size of Malaysia food and beverage distribution market will recover and reach approximately RM33.3 billion in 2026, representing a CAGR of approximately 6.5% from 2022, according to F&S Report. As more people prefer to have meal at home and reduce social activity after COVID-19, the demand of F&B products, especially frozen food, has increased.

In addition, increasing industry players have strengthened the engagement in the high value-added products such as frozen food and dairy products, which require cold chain facilities including cold transportation and cold storage. Therefore, it is expected that frozen and dairy products will go through a faster development among different segments in the food and beverage distribution industry in the next few years.

Market Size by Revenue of Food and Beverage Distribution Industry (Malaysia), 2017-2026E



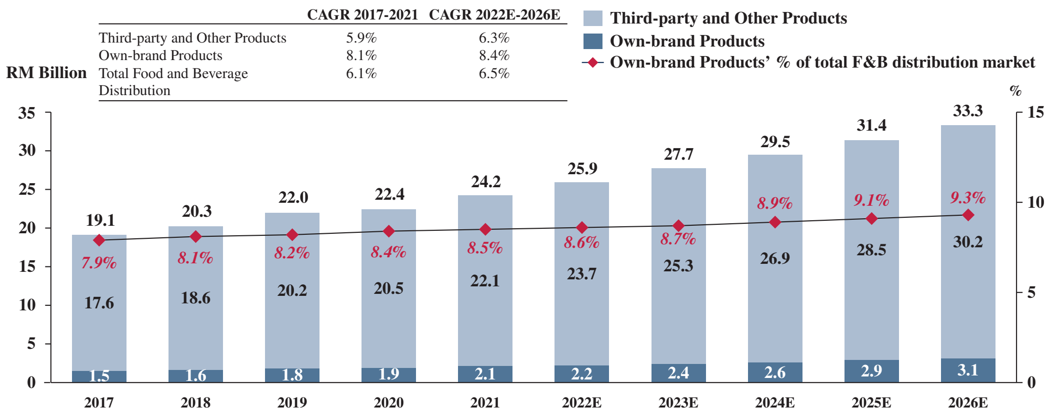
Source: F&S Report

Market size of food and beverage distribution industry in Malaysia – breakdown by product brand

The market size of the food and beverage distribution industry for third-party and other products sector increased from approximately RM17.6 billion in 2017 to approximately RM22.1 billion in 2021, with a CAGR of approximately 5.9%. In the food and beverage distribution industry, most food and beverage distributors sell the third-party and other products. The market share of the third-party and other products accounted for approximately 91.5% of the total F&B distribution market in 2021.

However, with some food and beverage distributors starting to develop their own-brand products to differentiate themselves from other competitors and increase their profit margin, the own-brand products sector is representing an upward trend. The market size of food and beverage distribution industry for own-brand products sector grew from approximately RM1.5 billion in 2017 to approximately RM2.1 billion in 2021, with a CAGR of approximately 8.1%. Going forward, it is forecasted that the market size of the food and beverage distribution industry for own-brand products sector will reach approximately RM3.1 billion by 2026, showing a CAGR of approximately 8.4% from 2022. The proportion of own-brand products of the overall food and beverage distribution market is likely to reach approximately 9.3% by 2026. The relatively higher expected growth rate for Own-Brand products were attributable to (i) the outbreak of COVID-19 leading to the interruption of supply chain, such that the local F&B distributors started to introduce multiple categories of products under their own brand; and (ii) the higher margin of the own brand products attract the local distributors to develop in this aspect.

Market Size by Revenue of Food and Beverage Distribution Industry – Breakdown by Product Brand (Malaysia), 2017-2026E



Note: the market size of food and beverage distribution industry refers to the aggregate revenue of food and beverage distributors generated in Malaysia; the breakdown data may not add up to the total due to rounding.

Source: F&S Report

Overview of the food and beverage distribution industry in Peninsular Malaysia

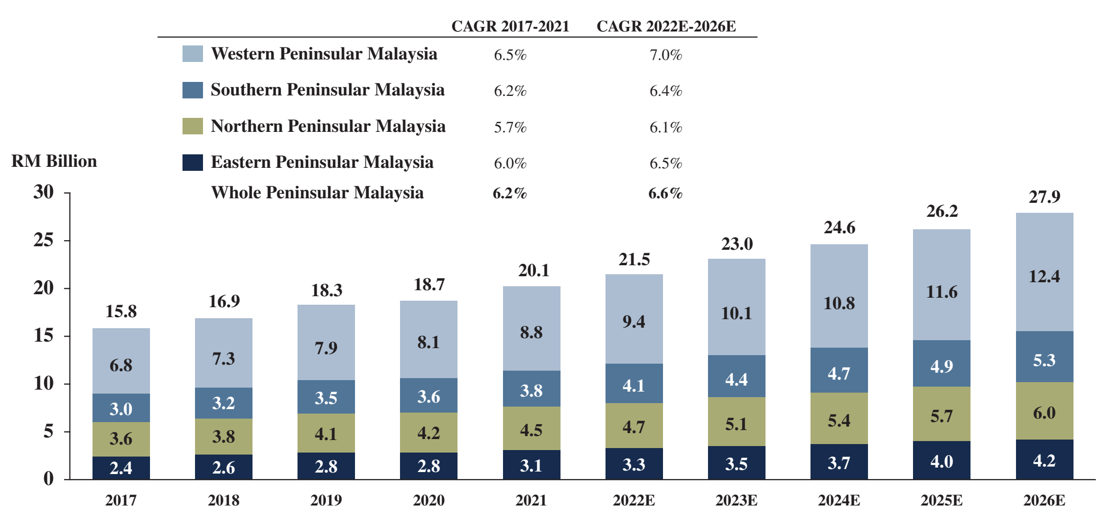
Driven by boosting economy, growing population as well as increasing urbanization, the market size by revenue of F&B distribution industry in Peninsular Malaysia increased from approximately RM15.8 billion in 2017 to approximately RM20.1 billion in 2021, representing a CAGR of approximately 6.2%. The Peninsular Malaysia contributed approximately 83.2% of the total market size by revenue of F&B distribution industry in Malaysia in 2021, increasing from approximately 82.9% in 2017.

According to the data released by the Department of Statistics Malaysia, the nominal GDP of Western Peninsular Malaysia increased at a CAGR of 4.2% from 2016 to 2020, which is higher than that of the whole Peninsular Malaysia (3.8%) and other major regions of Peninsular Malaysia (Southern: 3.1%; Northern: 3.7%; Eastern: 2.8%). In addition, according to the Household Expenditure Survey Report published by the Department of Statistics Malaysia, from 2016 to 2019, the F&B expenditure of Western Peninsular Malaysia increased at a CAGR of approximately 5.5%, which is higher than that of the whole Peninsular Malaysia (4.8%) and is also the highest among the different regions (Southern: 5.4%; Northern: 3.5%; Eastern: 3.9%). Therefore, driven by the faster economy development in Western Peninsular Malaysia, the F&B distribution market in Western Peninsular Malaysia grew from approximately RM6.8 billion in 2017 to approximately RM8.8 billion in 2021, representing a CAGR of approximately 6.5%, which is faster than Southern Peninsular Malaysia (approximately 6.2%), Northern Peninsular Malaysia (approximately 5.7%) and Eastern Peninsular Malaysia (approximately 6.0%), and the weight of Western Peninsular Malaysia's F&B distribution industry in the whole Peninsular Malaysia also increased from approximately 43.0% in 2017 to approximately 43.6% in 2021.

In the foreseeable future, Western Peninsular Malaysia market will further develop with strong economy growth momentum and the increasing income and expenditure level, especially for the capital city Kuala Lumpur as the cultural, financial and economic centre of Malaysia. The market size by revenue of F&B distribution market in Western Peninsular Malaysia is expected to grow at a CAGR of approximately 7.0% from approximately RM9.4 billion in 2022 to approximately RM12.4 billion in 2026, which is still the highest among different regions, followed by Northern Peninsular Malaysia (approximately RM6.0 billion), Southern Peninsular Malaysia (approximately RM5.3 billion) and Eastern Peninsular Malaysia (approximately RM4.2 billion).

As the most developed region in Malaysia with dense population and high level of income, Western Peninsular Malaysia has gathered many F&B distributors, not to mention leading players of Malaysia F&B distribution industry who usually have business coverage of whole Malaysia. Therefore, the competition is quite tense in F&B distribution industry in Western Peninsular Malaysia. Except for the Company D who only focuses on East Malaysia, all other F&B distributors among top five players in 2021 have geographical coverage both Peninsular Malaysia and East Malaysia. Some major players other than top five companies in Malaysia F&B distribution industry, such as GBA Corporation Sdn Bhd, also have business network in Western Peninsular Malaysia.

Market Size by Revenue of Food and Beverage Distribution Industry (Peninsular Malaysia), 2017-2026E



Note: the market size of food and beverage distribution industry refers to the aggregate revenue of food and beverage distributors generated in Peninsular Malaysia.

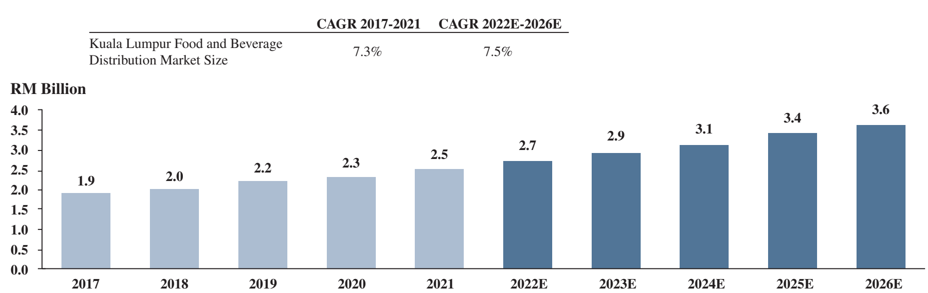
Source: F&S Report

Overview of the food and beverage distribution industry in Kuala Lumpur

The most populated areas in Malaysia are located in Western Peninsular Malaysia (including Kuala Lumpur, the capital city of Malaysia) and along Southern Peninsular Malaysia. Kuala Lumpur, the capital city of Malaysia located in Western Peninsular Malaysia, is Malaysia's largest and fastest-growing city with close to approximately 8 million citizens living in the metro area. The federal territory of Kuala Lumpur is enclosed by the highest populated state of Selangor. Kuala Lumpur and its surrounding urban areas form the most industrialized and the fastest growing region in Malaysia. As the cultural, financial and economic centre of Malaysia, the city has played host to many international sporting, political and cultural events, which brought substantial market demand of food and beverage products. During the period from 2017 to 2021, the market size of Kuala Lumpur food and beverage distribution market grew from approximately RM1.9 billion to approximately RM2.5 billion, illustrating a CAGR of approximately 7.3%.

With the steady economy development and continuously increasing household disposable income in Kuala Lumpur, the market size of Kuala Lumpur food and beverage distribution will further expand. It is forecasted that the market size of Kuala Lumpur food and beverage distribution market will increase from approximately RM2.7 billion in 2022 to approximately RM3.6 billion in 2026, showing a CAGR of approximately 7.5%.

Market Size by Revenue of Food and Beverage Distribution Industry (Kuala Lumpur), 2017-2026E



Note: the market size of food and beverage distribution industry refers to the aggregate revenue of food and beverage distributors generated in Kuala Lumpur.

Source: F&S Report

Market drivers of the food and beverage distribution industry in Malaysia

i) Change of consumption behaviour

Driven by the fast economic development, consumption behavior in Malaysia also has witnessed some changes. The on-going urbanization created more employment opportunities and increased people's disposable income, enabling them to pursue higher living standards that satisfy their demand for improved living environment. E-commerce also began to develop rapidly and online shopping consumption kept expanding. In terms of the Food & Beverage sector, due to the outbreak of COVID-19, it has further promoted the people's awareness on healthy diet and lifestyle, which will stimulate the growth in organic, environmentally friendly, and high-quality food. In addition, the demand for at-home meals and home meals replacement (HMR) is expanding during COVID-19. Consumers have stockpiled processed food and beverage products with a long shelf life to perishable foods, which have propelled the demand for retail channels and chains. Furthermore, the demand for frozen food has also increased dramatically, accelerating the construction of cold chain distribution system in the food and beverage distribution industry.

ii) Positive economic environment and increasing consumption price

Benefit from a stable economic situation and a stable social environment, Malaysia has seen a rapid development in urbanisation in the past five years. According to the Department of Statistics in Malaysia, the urbanisation rate of Malaysia reached approximately 77.2% in 2020, which will stimulate the exploration and the economic development of the new urban district. Moreover, the consumer price index (CPI) and the consumer price index of food and beverages in Malaysia reached 123.1 and 137.1 in 2021, increased by 2.5% and 1.7%, respectively. CPI is a price change indicator that reflects the prices of products and services related to residents' lives. It is one of the main indicators to measure inflation. Generally, a CPI of more than 3% is defined as inflation. The CPI is an important reference indicator of market economic activity, and also affects the expenditure level of customers. Low-speed CPI growth generally reflects the positive development trend of the economy as well as the enhancement of people's purchasing power. According to the latest data in the "Household Expenditure Survey Report" released by Department of Statistics of Malaysia, the mean monthly household disposable income has grown up from approximately RM5,928 in 2016 to approximately RM6,764 in 2019. Therefore, driven by growing economy and purchasing ability, the market size of the food and beverage sector in the Malaysia F&B market is expected to keep a steady growth. Moreover, the population distribution in Malaysia is uneven, with over 70% of the Malaysian population concentrated in Peninsular Malaysia, which indicated a huge demand of food and beverage distribution services in Peninsular Malaysia than East Malaysia. Also, the Ninth Malaysia Plan initiated the economic regions (include East Coast Economic Region, Northern Corridor Economic Region and Iskandar Malaysia) in Peninsular Malaysia, so as to bridge development imbalance throughout the country by focusing on economic growth through public-private partnerships (PPP). The supportive policy on the economy development in Peninsular Malaysia has provided great opportunities for the business of food and beverage distribution. For example, the Iskandar Regional Development Authority (IRDA) has made the development plan of the Johor Logistics Hub, consisting of several international-class ports and an international airport, to position it as the southern gateway of Malaysia for transshipment as well as import and export activities. Besides, in order to strengthen the regional connectivity and promote the smooth circulation of resources in Peninsular Malaysia, the Malaysian Government has carried out a series of infrastructure construction projects in Peninsular Malaysia. For example, the 233km West Coast Expressway (WEC) connecting major cities on the west coast is expected to be fully completed in 2024. Once completed, WEC will be the country's third longest highway and significantly enhance the regional distribution efficiency of F&B products. In addition, the East Coast Rail Link (ECRL) project, valued at USD13.1 billion, is under construction with the agreement signed by the Malaysian Government and the state-owned China Communications Construction Company Ltd (CCCC). The railway link infrastructure project would carry both passengers and freight from the West Coast of Peninsular Malaysia to its East Coast and vice versa, which will connect the East Coast Economic Region states of Pahang, Terengganu and Kelantan to one another, and to the Central Region of the Peninsular's west coast. Other national infrastructure projects that will promote further development of F&B distribution business in Peninsular Malaysia includes Johor Bahru-Singapore Rail Transit System, the Kuala Lumpur-Singapore High-Speed Rail (HSR), etc.

Furthermore, the food and beverage distribution industry in Malaysia is also driven by strengthened international collaboration. For example, in addition to the latest agreement between China and Malaysia on the construction of express railway, there is a series of One Belt One Road projects that will bring more opportunities for the food and beverage distribution industry by gathering and connecting the capital, information and population of different countries and regions along the route. In addition, the Regional Comprehensive Economic Partnership (RECP) was signed on 15 November 2020. RCEP is a free trade agreement between the Asia-Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. The 15 member countries account for approximately 30% of the world's population and approximately 30% of global GDP as of 2021, making it the biggest trade bloc in history, and the resulting zero-tariff international trade will bring huge incremental space to the food and beverage distribution market.

iii) Increasing demand for own products

The increasing demand for developing own products is another major driver of the food and beverage distribution industry, which will bring new growth opportunities for food and beverage distributors. Due to the reduction of a layer of intermediate supplier, own products often have lower SRP and higher profit margins, which can not only save costs for enterprises, but also be more easily accepted by consumers. In addition, the negative influence on traditional distribution channels as a result of COVID-19 epidemic has further promoted food and beverage distribution companies to develop its own products by purchasing equipment, putting up self-built factories and warehouses. Specifically, the global health and economic crisis triggered by the pandemic has upended the landscape for maritime and air transport and significantly affected growth prospects since international trade and distribution is disrupted by increased border controls as well as stricter inspection and quarantine. The volume of international maritime trade is expected to fall by approximately 4.1% in 2020 and the overall global cargo tonne-kilometres (CTKs) decreased by approximately 10.6% in 2020, according to data released by UNCTAD and IATA. In addition, during the MCO period, some Customs stations in Malaysia were operating with less officers or remotely via online and some submission of returns including Sales and Services Tax (SST) were extended, which may impede the efficiency of import and export procedure. As a result, some leading F&B distributors in Malaysia have speeded up the development of Own Products to mitigate inventory shortage risk. Besides, after the outbreak of COVID-19, the MCO lockdown caused obstacles to normal logistics of F&B products. As strict preventive measures implemented across Malaysia, it was difficult for some products to be transported smoothly from the origin to the warehouses of the F&B distribution companies, which prolonged the transportation time of the F&B products. Meanwhile, given the perishable nature of some F&B products such as fresh food and dairy products, the operational risks and costs of the companies engaged in the F&B distribution industry increased to a great extent. Therefore, facing longer product waiting time than usual as well as higher uncertainties, many F&B distributors in Malaysia tend to seek for more local products supplied in the neighbouring areas during the COVID-19 pandemic. Therefore, developing Own Products well conform to this trend and will help food and beverage distribution companies make flexible adjustments close to consumers, improve consumer loyalty, build brand reputation and achieve long-term growth goals.

iv) Rapid Development of E-commerce

Malaysia is one of the pioneers of e-commerce in Southeast Asia with high internet penetration rate of approximately 88.7% of its total population in 2020, according to Malaysia Communications and Multimedia Commission. The e-commerce industry in Malaysia has experienced a robust development and the market size of e-commerce industry increased from RM5.9 billion from 2017 to RM22.5 billion in 2021 and is expected to further grow to RM42.9 billion in 2026, at a CAGR of approximately 12.9% from 2022 to 2026. In terms of F&B sector, according to the latest data in the reports of "Usage of ICT and E-Commerce by Establishment" released by Department of Statistics of Malaysia, the proportion of Internet usage in the F&B sector with the purpose of providing customer services in the total establishments using Internet increased from 19.6% in 2017 to 29.5% in 2019. Meanwhile, the income of business-to-business e-commerce in the F&B sector increased from RM490 million in 2017 to RM1,099 million in 2019, according to the same reports published by Department of Statistics of Malaysia. As a result, leading F&B distributors have focused on digital transformation and accelerated the layout of e-commerce online platforms, to upgrade and optimise the management of the whole operation workflows including ordering, warehousing, inventory control, transportation and delivery. Some companies choose to enhance the digital ordering system by launching a mobile application to provide business customers a more convenient purchasing experience and then improve customer loyalty. For example, Company A has developed a B2B App which enables business customers to purchase catering equipment as well as order relevant maintenance services remotely on the visual digital platform. In addition, a F&B distributor in Penang made a digital transformation via a B2B platform, through which their business customers can make order 24/7 and track the status of each order easily. The productivity of the whole company team has also been significantly increased with the assistance of the digital platform. It is expected that major players will further develop their e-commerce system to optimise their management and increase their operation efficiency, thus gaining advantages and stay competitive in Malaysia F&B distribution market.

Developing trends of the food and beverage distribution industry in Malaysia

i) Offerings of diverse products and own products

Driven by the economic development and the increasing GDP per capita of Malaysia, consumers have started to show a preference for quality products under renowned brands. There is a rising demand for organic and healthy food such as honey, cheese, frozen meat and seafood. To attract more customers and form competitive advantages, many food and beverage distributors are continuously enriching their product portfolio by introducing new brands and new products, so as to offer more diverse products and own products to the customers. Moreover, some food and beverage distributors also started to develop and increase the proportion of own products in order to differentiate themselves from other competitors, increase customer loyalty and build brand reputation. The products, such as frozen food products, that are self-repackaged normally have higher profit margin, which would further promote the long-run development of the food and beverage distributors. In addition to outsourcing to suppliers and then labeling, food and beverage distribution companies also produce some of their own products by themselves, which also promote demand for related production and processing machineries and other equipment.

ii) Efficient logistics and warehousing systems

The warehouse is where the food and beverage product are stored, transferred and managed. An efficient logistics and warehousing system plays a vital role for the food and beverage distributors to reduce lead time of delivery, maintain food safety and quality assurance of products, increase customer satisfaction and sustain business growth. Also, as consumers are now more aware of health and wellness, there is a change in the consumption pattern of perishable foods such as dairy products, fresh food, frozen food, seafood and high-protein animal-based products which set stringent requirements on the low-temperature environment during storage and transportation. This translates into increasing demand for cold chain facilities, including cold storage warehouses and trucks. Equipped with enhanced logistics and warehousing systems especially the cold chain facilities, the leading food and beverage distributors are able to conduct the distribution services more efficiently.

In addition, with the fast-changing technology, many food and beverage distributors in Malaysia continue to strategically optimise and expand their own logistics and warehouses so as to be more competitive in the market. The self-owned logistics and warehouses have a great promotion on both operational and cost efficiency of food and beverage distribution companies. Besides, with the aim to reduce the loss of food during distribution, and to improve the overall product quality, many food and beverage distribution companies develop high value-added cold chain business by accelerating the construction and expansion of cold transportation and cold storage. Generally, food and beverage distributors tend to build their own warehouses equipped with cold storage facilities instead of leasing warehouses in order to avoid substantial leasing cost and uncertainty in duration, achieving better control and flexibility on their business.

Moreover, the logistics industry is also emphasised by the Eleventh Malaysia Plan (2016-2020), which raises the focus on the improvement of logistics infrastructure in Malaysia. Initiatives are undertaken to provide a seamless transportation system and the movement of goods will also become increasingly important as trade plays a significant role in Malaysia's economic growth. Leveraging on the rapid development of logistics and warehousing infrastructure, F&B distributors are able to further expand their business coverage.

iii) Increasing industry consolidation

The food and beverage distribution industry in Malaysia is expected to have an acceleration in mergers and acquisitions (M&A) in the future. The Malaysia food and beverage distribution market is quite fragmented. Driven by the need for expansion and collaboration, the industry will go through a period of consolidation in the coming years. Many Malaysian leading food and beverage distributors have carried out some M&A activities with both upstream and downstream companies in order to boost their market share by developing vertical integration and achieving economy of scale.

For example, with the aim to increase its market presence in frozen products and the food service channel, a leading industry player in Malaysia has successfully completed the acquisition of a famous company that has relevant business in Singapore and Malaysia in 2019.

In addition to expanding product scope, many food and beverage distribution companies in Malaysia also acquired relevant infrastructure such as warehouses and distribution centers. For instance, in 2017, another leading F&B distributor in Malaysia 100.0% acquired a company which is the sole registered and beneficial owner of a warehouses located in Kuching, Sarawak.

Furthermore, many food and beverage distributors actively expand their business scope in other regions. For example, a F&B distributor that has a great presence in Malaysia acquired a company in 2017, which is principally engaged in the F&B distribution business in Brunei.

Challenges of the food and beverage distribution industry in Malaysia

i) Limited product category and geographic coverage

The food and beverage distribution industry remains fragmented. There are very few large brands that have built up their own comprehensive distribution networks, while smaller distributors generally focus on a specific geographic region or product category. Most providers offer only a limited range of standardized services and generally concentrate on single steps along the value chain limited to serving only domestic brands and local customers.

Since the large share of freshly produced and consumed food such as dairy products and vegetable, the potential of market expansion for these companies is naturally limited due to weakness in product durability and handling. Therefore, food and beverage distribution companies with small business scale will be less competitive as leading players keep expanding their product and service range as well as the geographic coverage.

ii) Food safety and hygiene issue

Food safety and hygiene issue is one of the major challenges faced by food and beverage distribution companies, especially for the largest product section of the food and beverage distribution market: food and beverages. Currently, there are still some food and beverage manufacturers in the market producing products that do not meet quality standards. Once a food safety incident occurs, it will have a serious impact on the company's reputation. Therefore, product safety needs to be controlled from the source, and the selection and review of qualified suppliers will become the key for food and beverage distribution companies. Furthermore, the company needs to invest large amount of capital in the construction of cold chain logistics and other facilities such as cold rooms and self-own warehouses to ensure product safety.

iii) Supply Chain efficiency issue

The lack of an efficient supply chain system can be another challenges to some food and beverage distribution companies. During lockdown of COVID-19, it created waves of panic buy, creating shortage of essential goods such as diapers and frozen food. COVID-19 further disrupted many transportation modes due to hindered international trade, affecting the stable supply of products and the company's revenue. Therefore, maintaining an efficient, reliable and stable supply chain can gain advantages over competitors and build a stronger brand image to develop more loyal relationships with their customers. Furthermore, due to the perishable nature of fresh food, products can easily generate large losses in short period of time, creating a self-owned cold chain logistics network will allow better management and keep the service standards better than outsourcing third party logistic services.

iv) Influence of the COVID-19 pandemic

The outbreak of COVID-19 has posed some challenges to the traditional distribution channels that F&B distributors previously built with their upstream suppliers and downstream customers. Due to the continual threat of COVID-19 and resurgence in the number of confirmed cases, MCO, CMCO and/or RMCO have been imposed across Malaysia from time to time since March 2020, restricting normal public activities and business operations. In particular, the logistics of many third-party brand products imported from other countries and regions slowed down due to limited transportation and stricter hygiene inspection procedures. The global health and economic crisis triggered by the pandemic has upended the landscape for maritime and air transport and significantly affected growth prospects. According to the "Review of Maritime Transport 2020" published by UNCTAD in January 2021, the volume of international maritime trade is expected to fall by 4.1% in 2020.

In terms of downstream distribution channels, demand for HORECA has went through a significant decline during the lockdown as food consumption outside the home is expected to decrease combined with less business travel and tourists. Since consumers are less willing to go out for social dining or shopping, some F&B distribution companies have strengthened their online order systems and delivery services. Furthermore, F&B distributors in Malaysia are actively expanding their warehousing facilities such as cold storage, facing increasing demand for frozen food during the pandemic.

The outbreak of COVID-19 generated certain impacts on the growth rate of the F&B distribution industry in Malaysia, especially in 2020, when the growth rate was lowered to 1.8% from 8.5% of the previous year, due to the interruption on the supply chain. To reduce the impact on the business from the pandemic, increasing number of F&B distribution companies in Malaysia started to introduce multiple categories of products under their own brands, especially with locally accessible raw materials. Capitalising on the well-established distribution networks, the F&B distributors can reach relatively higher profit margin with their own-brand products.

Entry barriers of the food and beverage distribution industry in Malaysia

i) Significant capital investment to set up comprehensive logistics network

Significant capital investment is necessary for food and beverage distributors, this is mainly because food and beverage distributors need a large amount of capital for the early procurement of upstream products and the set up of logistics and delivery system such as warehouses and cold storage. Generally, it requires a significant capital investment to acquire land and construct a fully integrated, international-class cold storage facility, which is not easy for small and new players. However, it is key for food and beverage distributors to establish and maintain an extensive distribution network, in order to facilitate the sales of products and the marketing and business development of brand owners. Participants with adequate and required distribution network including storage and logistics facilities are capable of having a broader selection of products such as frozen goods. At the same time, food and beverage distributors often offer a long credit period for the downstream customers. Therefore, new entrants without sufficient capitals are difficult to enter and make competitions in this industry.

ii) Relationship with customers and suppliers

The relationship between food and beverage distributors and customers are mostly long-term and recurring, which allows experienced food and beverage distributors to establish a solid customer-base and set up a high barrier to new entrants. Such long-term rapport with suppliers often allows the food and beverage distributors to receive a comprehensive and cost-effectiveness portfolio of products, which helps them to quickly respond to the fast-changing market environment. Newer industry players would have to compete against industry players who have mature setup and networks, and would not be able to build close relationship and networks in a short time.

iii) Specific licenses

In order to engage in the food and beverage distribution industry, food and beverage distributors generally need to obtain a large number of licences, such as specific licenses for importing business, wholesaling business, distribution business, food processing business and Halal certificates, etc. Moreover, food and beverage distributors that hold the required licenses, certificates and permits in relation to the food and beverage product quality and safety control systems for the warehousing, manufacturing, processing and repackaging facilities, normally can maintain food safety and provide high quality products to their customers. New entrants without required licenses need to take great time to apply for these licenses and are difficult to build reputation in the food and beverage industry quickly.

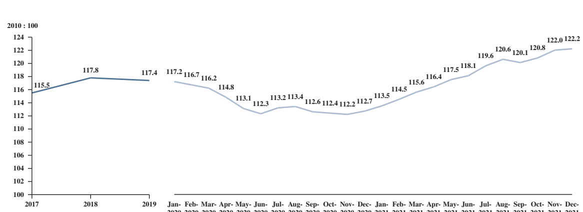
Cost analysis

i) Raw material cost and labour cost

Unit value indices are often used in economic analysis as surrogates for price indices. Many food and beverage distributors procure finished goods, production raw materials and packaging materials from overseas suppliers, and the procurement cost is the largest cost segment for the operation of food and beverage distributors.

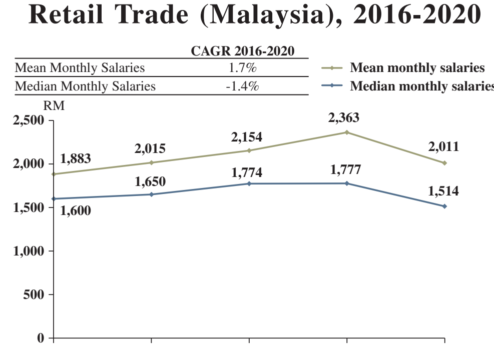
According to F&S Report, from 2017 to 2019, the import unit index of Malaysia increased from 115.5 to 117.4 (2010 = 100), representing an upward price trend of the import goods in the past few years, which could lead to an increase in total cost for food and beverage distributors in Malaysia. In 2020, the import unit index of Malaysia started to decrease since January, which is mainly due to the economic downturn impacted by the COVID-19. With the gradual recovery of economy, the import unit value in Malaysia has kept an upward trend since the end of 2020 and reached 122.2 in December 2022.

Import Unit Value Index (Malaysia), 2017-2021



Source: F&S Report

Mean and Median Monthly Salaries of Employees Engaged in Wholesale and Retail Trade (Malaysia), 2016-2020



Source: F&S Report

Note: Data for 2021 has not been released by Department of Statistics of Malaysia.

Labour cost is also considered as a key cost component compared for the food and beverage distribution market in Malaysia. According to F&S Report, the mean monthly salaries of workers engaged in wholesale and retail trade in Malaysia increased from approximately RM1,883 in 2016 to approximately RM2,363 in 2019, representing a CAGR of approximately 7.9%. The gradual growth of wage level reflects the positive growth of the food and beverage distribution industry in Malaysia. In 2020, both the mean and median monthly salaries of workers engaged in wholesale and retail trade in Malaysia experienced a decrease due to the negative impact on economy after the outbreak of COVID-19. It is expected such drop of salaries will be short term with the gradual recovery of economy.

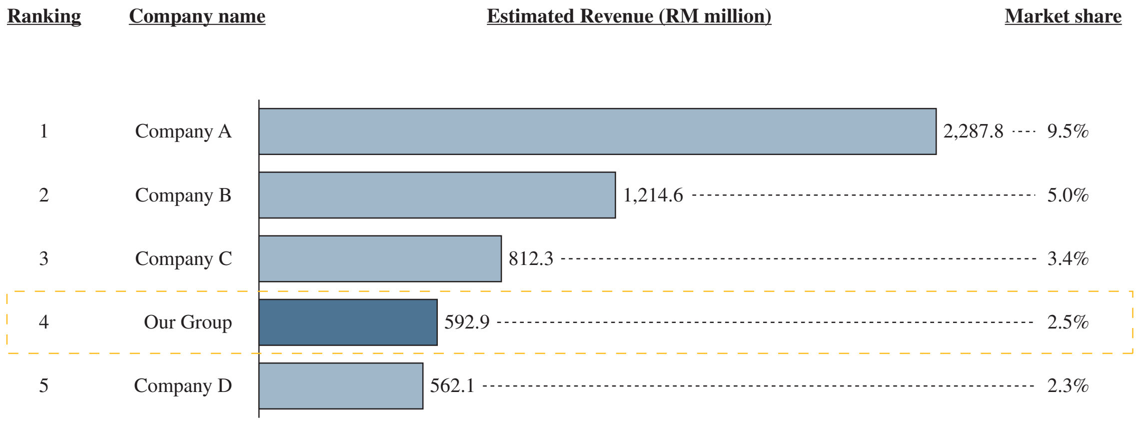
Moreover, many food and beverage distributors in Malaysia relies on foreign labour for its operations, which is generally cheaper than local labour force. Any increase in minimum wage or restrictions on the employment of foreign workers could lead to a shortage in foreign labour supply in Malaysia, thereby raising operating costs and/or disrupt the operations of food and beverage distributors. Hence, an increasing number of players are moving towards automation to reduce their reliance on foreign labour.

COMPETITIVE LANDSCAPE ANALYSIS

According to the F&S Report, the market size by revenue of Malaysia F&B distribution market reached RM24.2 billion in 2021. The F&B distribution market competitive landscape in Malaysia is fragmented in nature and highly competitive with a mix of global and local players. The market is still served by small-and medium-sized local players with small fleets and storage spaces. The Malaysia F&B distribution market is quite fragmented with over 200 players and the top five players accounted for a total share of 22.6% in terms of revenue. Company A ranked first by revenue in 2021, with a market share of 9.5%, followed by Company B (5.0%), Company C (3.4%). Our Group ranked fourth with revenue in 2021 of approximately RM592.9 million, accounting for approximately 2.5% of total market size.

Additionally, global players are investing in the market and acquiring local companies to increase their footprint in the region. To compete with global players, local enterprises are also investing in cold chain infrastructure to meet the standards. Furthermore, logistics companies in Japan are strengthening their activities in ASEAN by setting up bases of land transportation in ASEAN countries for each country within the manufacturing and distribution industries, thereby pushing the construction of a supply chain. Companies with a wide variety of quality and safe F&B products, large distribution network and well-established logistics such as cold chain infrastructure will gain more competitive advantages.

Top 5 Companies in Malaysia F&B Distribution Industry by Revenue, 2021



Source: F&S Report

Competitor Profiles

Company Name	Listed or Unlisted	Established Year	Business Introduction	Geographical Coverage of F&B Distribution	Categories of Own-brand Products
Company A	Listed	1923	Company A is a leading market expansion service provider in Malaysia, specialising in marketing, distribution and logistics services for consumer goods, healthcare and performance materials. It has 31 business locations in Malaysia, with a network of more than 220 clients and 19,000 customers.	• Western Peninsular Malaysia • Southern Peninsular Malaysia • Northern Peninsular Malaysia • Eastern Peninsular • East Malaysia	• Butter • Chilled and frozen dairy

Company Name	Listed or Unlisted	Established Year	Business Introduction	Geographical Coverage of F&B Distribution	Categories of Own-brand Products
Company B	Listed	1918	Company B is one of the oldest FMCGs distributors in Malaysia, providing a number of services such as sales, marketing, warehousing and distribution. It has a distribution network comprising 27 branches, 47 warehouses and over 1,700 skilled staff that span across East Malaysia and Peninsular Malaysia for consumer goods, fine wines, pet care goods, personal care products.	• Western Peninsular Malaysia • East Malaysia	• Chocolate cookies
Company C	Unlisted	1968	Company C specialises in the marketing and distribution of FMCGs including cooking oil, beverage, personal care products, household products and laundry products. It has a sales network of 16 branches in Peninsular Malaysia and East Malaysia with full warehousing and distribution facilities.	• Western Peninsular Malaysia • Southern Peninsular Malaysia • Northern Peninsular Malaysia • Eastern Peninsular Malaysia • East Malaysia	• Cooking oil • Tea
Company D	Listed	1938	Company D is a provider of market access and consumer package goods distribution in East Malaysia with over 7,000 sales and distribution points. It mainly focuses on food and beverage, personal care and household products, baby care products, OTC drugs and health supplements.	• East Malaysia	• Bakery products

Source: F&S Report

OVERVIEW

Our Group's history can be traced back to the 1970s when TO Soon, the late father of Soon Siblings, conducted trading of sundry goods under "Swang Chai Chuan" in Kuantan. In 1982, TO Soon established Swang Chai Chuan as a sole proprietorship for distribution and sales of groceries in Peninsular Malaysia. As the business continued to grow, TO Soon, SB Soon and LS Soon established SCCSB, our major subsidiary engaged in distribution of F&B products in Peninsular Malaysia, in March 1995 for taking up and expanding the business of Swang Chai Chuan.

Since then, our business continued to grow as the Soon Family decided to expand its business into the distribution and sales of F&B products for recognised international and domestic Third-Party Brand or under our Own Brands. Over the years, we have become a well-established F&B distributor in Malaysia, offering a wide range of quality F&B products that can be broadly categorised into (i) dairy products, (ii) frozen food, (iii) packaged food and commodities, (iv) sauce, oil and condiments, (v) beverages and (vi) specialty products, complemented by other non-F&B products, including (i) personal and baby care products, (ii) pet care products and (iii) cleaning and kitchen supplies. Our customers mainly include (i) hypermarkets and supermarket chains; (ii) provision shops; (iii) convenience stores and kiosks; (iv) F&B dealers and merchandisers; (v) HORECA; and (vi) school canteens, where our products are available for sale to end consumers.

In 2007, we started tapping into the development of certain products under our Own Brands, and since then our Own-Brand Product range has been extended to include dairy products, specialty products, pet care products and frozen food under our major brands of *CED* , *Mega Fresh* , *Mega Food* , *Sayangku* and *Snowcat* .

In order to distribute our products and to serve our customers in different regions in Malaysia, as at 31 December 2021, we had a fleet of more than 140 self-operated logistics vehicles, of which approximately 100 are refrigerated vehicles for storage of frozen food and dairy products and we operated eight self-owned and four leased warehouses strategically located in Eastern Peninsular Malaysia (including Kuantan, Mentakab, Kuala Terengganu, Kota Bharu), Western Peninsular Malaysia (including Puchong, Seremban), Southern Peninsular Malaysia (including Johor Bahru) and Northern Peninsular Malaysia (including Perai, Alor Setar) with an aggregate designated storage capacity of approximately 25,600 CBM, of which nine warehouses were equipped with cold storage facilities.

Key milestones of our Group

The chronological overview of the key events in respect of the major business development of our Group is set out below:

Year	Events
1982	– Established Swang Chai Chuan as a sole proprietorship business mainly engaged in distribution and sales of groceries in Peninsular Malaysia
1988	– Set up our cold room in Kuantan for storage of meat and seafood products
1989	– Commenced our own logistic and transportation services
1994	– We were appointed as a distributor of a subsidiary of an international dairy company listed on the New Zealand Exchange to sell and market its branded dairy products in Eastern Peninsular Malaysia
1995	– SCCSB, our first operating subsidiary, was incorporated in Malaysia to take up and expand the business of Swang Chai Chuan
2004	– We were appointed as a distributor for a well-known global ice cream brand to sell and market its branded products in Klang Valley in Western Peninsular Malaysia
2006	– Established our first self-owned warehouse in Kuala Terengganu
2007	– Acquired as our first Own Brands, namely "*CED*", to provide specialty products, and "*Mega*" (which was later rebranded as "*Mega Fresh*"), as our Own Brand to provide frozen food such as french fries and chicken nuggets
2011	– Established our headquarters with warehouse in Kuantan
2014	– Expanded our business in Southern Peninsular Malaysia and established our self-owned warehouse in Johor Bahru

Year	Events
2017	– Expanded our business in Northern Peninsular Malaysia when we were appointed as a local distributor for *Mondelez*, a company which manufactures and markets snacks and confectionery, whose parent company is a multinational corporation based in the United States with a portfolio of popular brands of chocolate, cookies, biscuits, gum, confectionery and powdered beverages across the globe
2018	– Acquired "*Sayangku*" and established "*Snowcat*" as our own pet care brands
2019	– Established our Own Brand, "*Mega Food*", to provide dairy products
	– We were appointed as a distributor for a company which manufactures and markets food spreads, whose parent company is based in the Netherlands and is a producer of plant-based spreads globally
2020	– Expanded our distribution and sales network by leasing two warehouses in Kuantan and Perai to satisfy the increasing demand in F&B products due to the COVID-19 pandemic
	– We were appointed as a distributor for a multinational manufacturer of household insecticides originated from Japan

OUR CORPORATE DEVELOPMENT

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act on 14 February 2019 and is the holding company of our Group. As at the Latest Practicable Date, the subsidiaries of our Group comprised SCC Holdings, SCC Holding Malaysia, SCC HK, SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and SCC Logistics. Details of these subsidiaries and the corporate structure of our Group are set out in the sub-section headed "Establishment and development of the subsidiaries of our Company" in this section.

Prior to the Listing, our Group underwent the Reorganisation and immediately following the completion of the Reorganisation, the entire issued share capital of our Company was owned by Soon Holdings, a company incorporated in the BVI which is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon.

Immediately following completion of the Capitalisation Issue and the Global Offering, Soon Holdings will in aggregate own 75% of the issued share capital of our Company (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme).

Establishment and development of the subsidiaries of our Company

Our Company was incorporated in the Cayman Islands under the Companies Act on 14 February 2019 in preparation for the Listing and is the holding company of our Group. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 February 2021. As at the date of incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value of HK$0.01 each, of which one Share was allotted and issued as fully paid to an independent initial subscriber at par. On the same day, such Share was transferred to Soon Holdings at par. For further details of the Reorganisation, please refer to the paragraph headed "Reorganisation" in this section below.

As at the Latest Practicable Date, our Group mainly comprised our Company and ten subsidiaries. Set out below is the brief corporate history of the subsidiaries of our Company.

(1) SCC Holdings

SCC Holdings was incorporated in the BVI with limited liability on 27 December 2018 and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On the same date, SCC Holdings allotted and issued as fully paid one share to Soon Holdings.

Upon completion of the Reorganisation, SCC Holdings became the direct wholly-owned subsidiary of our Company and an intermediate holding company of our Group. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

As at the Latest Practicable Date, SCC Holdings was an investment holding company.

(2) SCC Holding Malaysia

SCC Holding Malaysia was incorporated in Malaysia with limited liability on 17 December 2018 with an issued and paid-up capital of RM100 divided into 100 shares of RM1.00 each. As at the date of incorporation, 70 shares of SCC Holding Malaysia were allotted and issued as fully paid to SB Soon and 10 shares were allotted and issued as fully paid to each of SL Soon, CA Soon and LS Soon.

Upon completion of the Reorganisation, SCC Holding Malaysia became the wholly-owned subsidiary of SCC Holdings, and an intermediate holding company of our Group. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

As at the Latest Practicable Date, SCC Holding Malaysia was an investment holding company.

(3) SCC HK

SCC HK was incorporated in Hong Kong with limited liability on 29 January 2019. As at the date of incorporation, SCC HK allotted and issued as fully paid one share (representing the entire issued share capital of SCC HK) to SCC Holdings. The shareholding structure of SCC HK remained unchanged thereafter.

Since its incorporation and up to the Latest Practicable Date, SCC HK was mainly incorporated to establish a presence in Hong Kong and has not commenced any business activities.

(4) SCCSB

SCCSB was incorporated in Malaysia with limited liability on 28 March 1995, with an authorised share capital of RM500,000 divided into 500,000 shares of RM1.00 each. As at the date of incorporation, one share was allotted and issued at par to each of SB Soon, LS Soon and TO Soon. After the said allotments, SCCSB was owned as to approximately 33.33% by each of SB Soon, LS Soon and TO Soon, respectively.

On 11 June 1997, SCCSB allotted and issued at par 374,999 shares, 74,999 shares and 49,999 shares to TO Soon, SB Soon and LS Soon, respectively. After the said allotments, SCCSB was owned as to 75%, 15% and 10% by TO Soon, SB Soon and LS Soon, respectively.

On 19 February 1998, TO Soon transferred 125,000 shares of SCCSB to CH Tan at par. After the said transfer, SCCSB was owned as to 50%, 25%, 15% and 10% by TO Soon, CH Tan, SB Soon and LS Soon, respectively.

Between 2002 and 2010, there were various transfers and allotments of shares and the authorised share capital of SCCSB was increased. As at 18 February 2010, SCCSB was owned as to 52%, 25%, 13% and 10% by SB Soon, CH Tan, CA Soon and LS Soon, respectively. The shareholding structure of SCCSB remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, SCCSB became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

During the Track Record Period and up to the Latest Practicable Date, SCCSB mainly engaged in the distribution of F&B products in Malaysia.

(5) SCC Seafood

SCC Seafood was incorporated in Malaysia with limited liability on 26 October 1998, with an authorised capital of RM100,000 divided into 100,000 shares of RM1.00 each. As at the date of incorporation, one share of SCC Seafood was allotted and issued at par to each of the two Independent Third Parties.

On 23 November 1999, TO Soon and SB Soon acquired at par one share each from the two Independent Third Parties. After the said transfers, SCC Seafood was owned as to 50% by TO Soon and 50% by SB Soon.

On 21 January 2002, the authorised share capital of SCC Seafood was increased from RM100,000 to RM500,000 by the creation of 400,000 ordinary shares of RM1.00 each. On the same date, SCC Seafood allotted and issued as fully paid at par 99,999 shares, 59,999 shares and 40,000 shares to TO Soon, SB Soon and SL Soon, respectively. After the said allotments, SCC Seafood was owned as to 50%, 30% and 20% by TO Soon, SB Soon and SL Soon, respectively.

Between 2002 and 2010, there were various transfers and allotments of shares and the authorised share capital of SCC Seafood was increased. As at 16 March 2010, SCC Seafood was owned as to 52%, 30%, 9% and 9% by SB Soon, SL Soon, LS Soon and CA Soon, respectively. The shareholding structure of SCC Seafood remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, SCC Seafood became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

During the Track Record Period and up to the Latest Practicable Date, SCC Seafood mainly engaged in the distribution and sales of frozen seafood and meat products in Malaysia.

(6) SCCM Pahang

SCCM Pahang was incorporated in Malaysia with limited liability on 18 June 1996, with an authorised capital of RM100,000 divided into 100,000 shares of RM1.00 each. As at the date of incorporation, one share was allotted and issued at par to each of SB Soon and three Independent Third Parties, respectively. After the said allotments, SCCM Pahang was owned as to 25% by each of SB Soon and three Independent Third Parties, respectively.

Between 1996 and 2002, there were various transfers and allotments and the authorised share capital of SCCM Pahang was increased. As at 21 January 2002, SCCM Pahang was owned as to 50% by TO Soon and 50% by SB Soon. On 7 March 2002, TO Soon transferred (i) 4,000 shares to SB Soon at the consideration of RM1.00; (ii) 78,001 shares to CA Soon at the consideration of RM1.00; and (iii) 18,000 shares to SL Soon at the consideration of RM1.00. After the said transfers, SCCM Pahang was owned as to approximately 52%, 39% and 9% by SB Soon, CA Soon and SL Soon, respectively.

On 12 August 2002, SCCM Pahang further allotted and issued as fully paid at par 155,999 shares 116,999 shares and 27,000 shares to SB Soon, CA Soon and SL Soon, respectively. After the said allotments, SCCM Pahang was owned as to 52%, 39% and 9% by SB Soon, CA Soon and SL Soon, respectively. The shareholding structure of SCCM Pahang remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, SCCM Pahang became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

During the Track Record Period and up to the Latest Practicable Date, SCCM Pahang mainly engaged in the distribution of FMCGs in the East Coast of Peninsular Malaysia.

(7) SCCM East Coast

SCCM East Coast was incorporated in Malaysia with limited liability on 14 August 2000, with an authorised capital of RM100,000 divided into 100,000 shares of RM1.00 each. As at the date of incorporation, one share was allotted and issued at par to each of SB Soon and TO Soon. After the said allotments, SCCM East Coast was owned as to 50% by TO Soon and 50% by SB Soon.

On 7 March 2002, TO Soon transferred one share of SCCM East Coast to CA Soon at par. After the said transfer, SCCM East Coast was owned as to 50% by SB Soon and 50% by CA Soon.

On 14 November 2003, SCCM East Coast allotted and issued as fully paid at par 4,999 shares to each of SB Soon and CA Soon. After the said allotments, SCCM East Coast was owned as to 50% by SB Soon and 50% by CA Soon.

On 30 September 2005, SCCM East Coast further allotted and issued for cash as fully paid at par 20,000 shares to each of SB Soon and CA Soon. After the said allotments, SCCM East Coast was owned as to 50% by SB Soon and 50% by CA Soon. The shareholding structure of SCCM East Coast remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, SCCM East Coast became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

During the Track Record Period and up to the Latest Practicable Date, SCCM East Coast mainly engaged in the marketing and distribution of F&B products in the East Coast of Peninsular Malaysia.

(8) SCCM

SCCM was incorporated in Malaysia with limited liability on 10 November 2003 with an authorised capital of RM100,000 divided into 100,000 Shares of RM1.00 each. On the same date, one share was allotted and issued at par to each of SB Soon and CA Soon. After the said allotments, SCCM was owned as to 50% by SB Soon and 50% by CA Soon.

Between 2003 and 2010, there were various allotment of shares and the authorised share capital of SCCM was increased. As at 18 February 2010, SCCM was owned as to 51% by SB Soon and 49% by CA Soon.

On 29 August 2014, CA Soon transferred 190,000 shares of SCCM to SB Soon at par. After the said transfer, SCCM was owned as to 70% by SB Soon and 30% by CA Soon. The shareholding structure of SCCM remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, SCCM became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

Since its incorporation and up to the Latest Practicable Date, SCCM mainly engaged in the packaging, processing, marketing and distribution of F&B products in Malaysia.

(9) Chop Chin Huat

Chop Chin Huat was incorporated in Malaysia with limited liability on 12 January 1989, with an authorised share capital of RM100,000 divided into 100,000 shares of RM1.00 each. As at the date of incorporation, Chop Chin Huat was owned in equal shares by two Independent Third Parties.

Between 1989 and 2009, there were various transfers and allotments of shares and the authorised share capital of Chop Chin Huat was increased. On 10 April 2017, SB Soon acquired 250,000 shares from an Independent Third Party at the consideration of RM927,500. The consideration was determined with reference to the financial position and business prospect of Chop Chin Huat at the time. On the same day, ML Ng, the spouse of SB Soon, acquired 90,000 shares from an Independent Third Party at the consideration of RM333,900. The consideration was determined with reference to the financial position and business prospect of Chop Chin Huat at the time. After the said transfers, Chop Chin Huat was owned as to 50%, 32% and 18% by SB Soon, an Independent Third Party and ML Ng, respectively.

On 15 January 2018, SB Soon acquired 160,000 shares of Chop Chin Huat from an Independent Third Party at the consideration of RM593,600. The consideration was determined with reference to the financial position and business prospect of Chop Chin Huat at the time.

After the said transfer, Chop Chin Huat was owned as to 82% and 18% by SB Soon and ML Ng, respectively. The shareholding structure of Chop Chin Huat remained unchanged until immediately prior to the Reorganisation.

Upon completion of the Reorganisation, Chop Chin Huat became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

Since its incorporation and up to the Latest Practicable Date, Chop Chin Huat mainly engaged in the distribution of F&B products in the Northern Peninsular Malaysia.

(10) SCC Logistics

SCC Logistics was incorporated in Malaysia with limited liability on 14 January 2013, with an authorised share capital of RM5,000,000 divided into 5,000,000 shares of RM1.00 each. As at the date of incorporation, one share was allotted and issued at par to each of the Soon Brothers. After the said allotments, SCC Logistics was owned as to approximately 33.33% by each of the Soon Brothers.

On 15 May 2013, SCC Logistics allotted and issued for cash as fully paid at par 259,999 shares, 149,999 shares and 89,999 shares to SB Soon, SL Soon and CA Soon, respectively. After the said allotments, SCC Logistics was owned as to 52%, 30% and 18% by SB Soon, SL Soon and CA Soon, respectively.

On 11 July 2017, (i) SB Soon transferred 260,000 shares to Ms. Yap Shing Shya ("**Ms. Yap**"), who is an employee of the Group, at par; (ii) SL Soon transferred 150,000 shares to Mr. Sang Pri Bin Ahmad ("**Mr. Sang**") who was an employee of the Group at the material time, at par; and (iii) CA Soon transferred 50,000 shares to Mr. Sang and 40,000 shares to Ms. Yap at par. After the said transfers, SCC Logistics was owned as to 60% by Ms. Yap and 40% by Mr. Sang.

Pursuant to the confirmatory deeds executed by Ms. Yap and Mr. Sang on 4 February 2021, Ms. Yap and Mr. Sang confirmed that they held the 300,000 shares and 200,000 shares, respectively, on trust for and on behalf of SB Soon, CA Soon and SL Soon (as the case may be). The reason for the trust arrangement was that at the material time, there was a significant growth in the distribution and sales business of our Group in general and the Soon Siblings hence intended to devote more of their time in and focus their managerial effort on this major business segment with business strategies focusing on the expansion of sales and distribution network and product portfolio, instead of the provision of logistics services mainly engaged by SCC Logistics. In particular, it was considered that the trust arrangement could allow us to (i) streamline our corporate structure to include only the subsidiaries engaged in the core business within our Group; (ii) streamline the operating layers and procedures and line of report whereby the daily operations and decision making of SCC Logistics could be handled by Ms. Yap and Mr. Sang without causing material disruption or delay on the core business of our Group; and (iii) with the benefit of the above, enhance operational and management efficiency, and thus achieve operational and administrative cost saving and improve quality of services. To align with the Soon Siblings' focus on distribution and sales business, SB Soon, CA Soon and SL Soon decided to register their relevant shareholdings in SCC Logistics in the name of Ms. Yap and Mr. Sang who, at the material time, had been working in the Group for approximately seven years and 16 years respectively. Ms. Yap and Mr. Sang were also nominated by SB Soon, CA Soon and SL Soon (as the case may be) to be the directors of SCC Logistics in order to give them apparent authority to handle day-to-day operations and administration of SCC Logistics. SB Soon, CA Soon and SL Soon remained as the beneficial owners of SCC Logistics who gave directions and instructions to Ms. Yap and Mr. Sang throughout the trust period. As such, there had not been any change in management and control of SCC Logistics during such period.

This trust arrangement was originally intended to be a trial attempt. Under such arrangement, the Soon Siblings would assess (i) the performance of SCC Logistics when it was not held under their names; and (ii) the feasibility of its cooperation with the Group under the operation of Ms. Yap and Mr. Sang. The shares of SCC Logistics were transferred to Ms. Yap and Mr. Sang with an intention at that time to promote their loyalty to our Group as senior employees, and to encourage Ms. Yap and Mr. Sang to devote more time and attention to the business of SCC Logistics. The Soon Siblings expected to transfer SCC Logistics to Ms. Yap and Mr. Sang on a long-term basis if they could fulfill the performance requirements and achieve a smooth transition while maintaining business cooperation with the Group. Nevertheless, having considered the possibility of the Listing, SB Soon, CA Soon and SL Soon (as the case may be) instructed Ms. Yap and Mr. Sang to transfer the said shares held by them to SCC Holding Malaysia (at the direction of SB Soon, CA Soon and SL Soon (as the case may be)) on 26 December 2018, each at the nominal consideration of RM1.00, as part of the Reorganisation. Upon completion of the Reorganisation, SCC Logistics became wholly owned by SCC Holding Malaysia and an indirect wholly-owned subsidiary of our Company. For further details, please refer to the paragraph headed "Reorganisation" in this section below.

During the Track Record Period and up to the Latest Practicable Date, SCC Logistics mainly engaged in the provision of cold room facilities and transportation services in the East Coast of Peninsular Malaysia.

DISPOSAL OF SUBSIDIARIES

With a view to streamlining our operations and to focusing on our core business, we have made the following disposals.

NSB Marketing

NSB Marketing was incorporated in Malaysia with limited liability on 29 September 2015 and became a wholly-owned subsidiary of SCC Holding Malaysia on 26 December 2018.

NSB Marketing mainly engaged in distribution and sales of milk powder of a particular brand in Malaysia and had commenced operation since the year of its incorporation. As confirmed by our Directors, it had ceased operation since October 2017 (before the beginning of the Track Record Period) since the distributorship in relation to that particular brand ended upon mutual agreement. For the years ended 31 December 2018, 2019 and 2020, NSB Marketing recorded a revenue of nil, nil and nil, respectively; and a net loss after taxation of approximately RM0.03 million, RM0.004 million and RM0.01 million, respectively. As at 31 December 2018, 2019 and 2020, NSB Marketing's net assets amounted to approximately RM1.7 million, RM1.7 million and RM1.7 million, respectively. However, as NSB Marketing had ceased operation, the Controlling Shareholders therefore decided to dispose of NSB Marketing from our Group. As a result, SCC Holding Malaysia disposed of the entire equity interest of NSB Marketing to SB Soon at the nominal consideration of RM100 on 31 December 2020 on the basis that NSB Marketing has ceased operation and as deemed distribution arising from Reorganisation prior to the Listing. Our Directors confirmed that NSB Marketing was solvent prior to the time of the disposal. As confirmed by our Directors and our Malaysian Legal Advisers, NSB Marketing had not been involved in any material legal and regulatory non-compliant incidents, regulatory enquiries, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period up to the date of its disposal. After the disposal and as at the Latest Practicable Date, our Group ceased to have any interest in NSB Marketing.

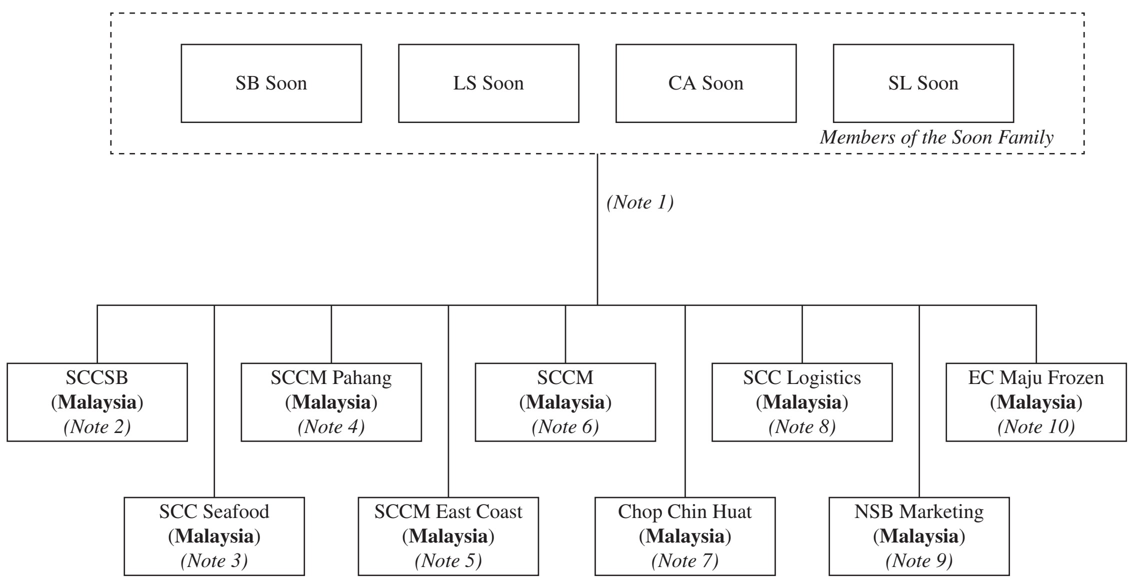
EC Maju Frozen

EC Maju Frozen was incorporated in Malaysia with limited liability on 2 March 2012 and became a wholly-owned subsidiary of SCC Holding Malaysia on 26 December 2018.

EC Maju Frozen mainly engaged in the business as dealers and retailers in the supply chain of FMCGs in Malaysia and had commenced operation since the year of its incorporation. For the years ended 31 December 2018, 2019 and 2020, EC Maju Frozen recorded a revenue of approximately RM12.5 million, RM9.1 million and RM5.2 million, respectively; and a net profit after taxation of approximately RM0.4 million, net loss after taxation of approximately RM0.05 million and net profit after taxation of approximately RM0.04 million, respectively. As at 31 December 2018, 2019 and 2020, EC Maju Frozen's net assets amounted to approximately RM0.5 million, RM0.5 million and RM0.5 million, respectively. However, the Controlling Shareholders were of the opinion that it was more beneficial to focus their financial resources on the distribution and sales business in Malaysia, and therefore decided to dispose of EC Maju Frozen. As a result, SCC Holding Malaysia disposed of the entire equity interest of EC Maju Frozen to an Independent Third Party at the consideration of RM400,000 on 31 December 2020. The consideration represented approximately 19% discount of the net asset value of EC Maju Frozen of approximately RM494,000 as at 31 December 2019 and had been arrived at by the parties after arm's length negotiation, taking into account the profitability and the business prospect of EC Maju Frozen, in particular the loss of approximately RM0.02 million in FY2019 (based on its local audited report for FY2019) and its negative performance around 2020. The said discount of approximately 19% was equivalent to not more than approximately RM100,000 in absolute dollar amount only or 0.005% of the Group's net profit in FY2020. In view of the aforesaid basis for determining the consideration for the disposal and the immaterial discount in absolute dollar amount, our Directors are of the view that the consideration for the disposal determined was in the best interests of the Shareholders and our Group as a whole. Our Directors confirmed that EC Maju Frozen was solvent prior to the time of the disposal. As confirmed by our Directors and our Malaysian Legal Advisers, EC Maju Frozen had not been involved in any material legal and regulatory non-compliant incidents, regulatory enquiries, claims, litigation or legal proceedings (whether actual or threatened) during the Track Record Period up to the date of its disposal. After the disposal and as at the Latest Practicable Date, our Group ceased to have any interest in EC Maju Frozen.

REORGANISATION

The following chart sets out the shareholding structure of our Group since the beginning of the Track Record Period up to immediately before our Reorganisation:



Notes:

(1) SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat, SCC Logistics, NSB Marketing and EC Maju Frozen had been held by any or all of SB Soon, CA Soon, LS Soon and SL Soon, each of them being a member of the Soon Family, since the beginning of the Track Record Period and/or up to immediately before our Reorganisation as to the percentages as described in the notes below.

(2) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCCSB was owned as to 52%, 13%, 10% and 25% by SB Soon, CA Soon, LS Soon and CH Tan, respectively.

(3) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCC Seafood was owned as to 52%, 30%, 9% and 9% by SB Soon, SL Soon, LS Soon and CA Soon, respectively.

(4) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCCM Pahang was owned as to 52%, 39% and 9% by SB Soon, CA Soon and SL Soon, respectively.

(5) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCCM East Coast was owned as to 50% and 50% by SB Soon and CA Soon, respectively.

(6) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCCM was owned as to 70% and 30% by SB Soon and CA Soon, respectively.

(7) Since the beginning of the Track Record Period and up to immediately before Reorganisation, Chop Chin Huat was owned as to approximately 82% and 18% by SB Soon and ML Ng, respectively.

(8) Since the beginning of the Track Record Period and up to immediately before Reorganisation, SCC Logistics was owned as to 60% and 40% by Ms. Yap and Mr. Sang, respectively, both of whom held the shares on trust for and on behalf of SB Soon, CA Soon and SL Soon. For details of the trust arrangement, please refer to the paragraph "Establishment and development of the subsidiaries of our Company – (10) SCC Logistics" in this section.

(9) Since the beginning of the Track Record Period and up to immediately before Reorganisation, NSB Marketing was owned as to approximately 90% and 10% by SB Soon and ML Ng, respectively.

(10) Since the beginning of the Track Record Period and up to immediately before Reorganisation, EC Maju Frozen was owned as to 70% and 30% by SB Soon and SL Soon, respectively.

PARTIES ACTING IN CONCERT

Over the course of our business history, the Soon Siblings, CH Tan and ML Ng who are members of the Soon Family, were either directors and/or shareholders of SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and/or SCC Logistics (the "**Relevant Companies**"). Each of the Soon Siblings, CH Tan and ML Ng had, in exercising and implementing the management and operation of these Relevant Companies, been acting in concert with each other. As the Relevant Companies were a group of private entities in the past, these arrangements were not formalized in writing and each of the Soon Siblings, CH Tan and ML Ng was content with these arrangements based on their close and long-term business and family relationship, as well as the trust and confidence they have in each other. In preparation for the Listing, the Soon Siblings, CH Tan and ML Ng entered into the Concert Party Confirmatory Deed on 9 February 2021, details of which are set out in the section headed "Relationship with Our Controlling Shareholders – Concert Parties Confirmatory Deed" in this prospectus.

Corporate restructuring

In preparation for the Listing, our Company was incorporated in the Cayman Islands and the companies comprising our Group have undergone a group reorganisation to rationalise our Group structure. The Reorganisation involved the following steps:

(1) On 27 December 2018, Soon Holdings was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On the same date, Soon Holdings allotted and issued as fully paid at par seven shares to SB Soon and one share to each of CA Soon, SL Soon and LS Soon, respectively. After the said allotment of shares, Soon Holdings was owned as to 70% by SB Soon and 10% by each of CA Soon, SL Soon and LS Soon. The shareholding structure of Soon Holdings was determined (i) in anticipation of the Reorganisation; and (ii) with reference to the shareholding interests of the Soon Siblings in the subsidiaries of our Group and the valuation of such subsidiaries.

(2) On 27 December 2018, SCC Holdings was incorporated in BVI with limited liability. For details of SCC Holdings, please refer to the paragraph headed "Establishment and development of the subsidiaries of our Company – SCC Holdings" in this section.

(3) On 17 December 2018, SCC Holding Malaysia was incorporated in Malaysia with limited liability. For further details of SCC Holding Malaysia, please refer to the paragraph headed "Establishment and development of the subsidiaries of our Company – SCC Holding Malaysia" in this section.

(4) On 29 January 2019, SCC HK was incorporated in Hong Kong with limited liability. For details of SCC HK, please refer to the paragraph headed "Establishment and development of the subsidiaries of our Company – SCC HK" in this section.

(5) On 14 February 2019, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of par value of HK$0.01 each, of which one Share was allotted and issued as fully paid to an independent initial subscriber at par, which was then transferred to Soon Holdings at par on the same day. On the same day, our Company allotted and issued as fully paid 99 Shares to Soon Holdings at par.

(6) On 26 December 2018, SCC Holding Malaysia acquired 780,000 shares, 150,000 shares, 375,000 shares and 195,000 shares in SCCSB from SB Soon, LS Soon, CH Tan and CA Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, SCCSB became a wholly-owned subsidiary of SCC Holding Malaysia.

(7) On 26 December 2018, SCC Holding Malaysia acquired 780,000 shares, 135,000 shares, 450,000 shares and 135,000 shares in SCC Seafood from SB Soon, LS Soon, SL Soon and CA Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, SCC Seafood became a wholly-owned subsidiary of SCC Holding Malaysia.

(8) On 26 December 2018, SCC Holding Malaysia acquired 260,000 shares, 45,000 shares and 195,000 shares in SCCM Pahang from SB Soon, SL Soon and CA Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, SCCM Pahang became a wholly-owned subsidiary of SCC Holding Malaysia.

(9) On 26 December 2018, SCC Holding Malaysia acquired 25,000 shares and 25,000 shares in SCCM East Coast from SB Soon and CA Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, SCCM East Coast became a wholly-owned subsidiary of SCC Holding Malaysia.

(10) On 26 December 2018, SCC Holding Malaysia acquired 700,000 shares and 300,000 shares in SCCM from SB Soon and CA Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, SCCM became a wholly-owned subsidiary of SCC Holding Malaysia.

(11) On 26 December 2018, SCC Holding Malaysia acquired 410,000 shares and 90,000 shares in Chop Chin Huat from SB Soon and ML Ng, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, Chop Chin Huat became a wholly-owned subsidiary of SCC Holding Malaysia.

(12) On 26 December 2018, at the direction of SB Soon, CA Soon and SL Soon (as the case may be), Mr. Sang and Ms. Yap transferred 200,000 shares and 300,000 shares in SCC Logistics, at the nominal consideration of RM1.00, respectively, to SCC Holding Malaysia. The above transfers were properly and legally completed and settled. After the said transfers, SCC Logistics became a wholly-owned subsidiary of SCC Holding Malaysia.

(13) On 26 December 2018, SCC Holding Malaysia acquired 270,000 shares and 30,000 shares in NSB Marketing from SB Soon and ML Ng, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, NSB Marketing became a wholly-owned subsidiary of SCC Holding Malaysia.

(14) On 26 December 2018, SCC Holding Malaysia acquired 35,000 shares and 15,000 shares in EC Maju Frozen from SB Soon and SL Soon, at the nominal consideration of RM1.00, respectively. The above transfers were properly and legally completed and settled. After the said transfers, EC Maju Frozen became a wholly-owned subsidiary of SCC Holding Malaysia.

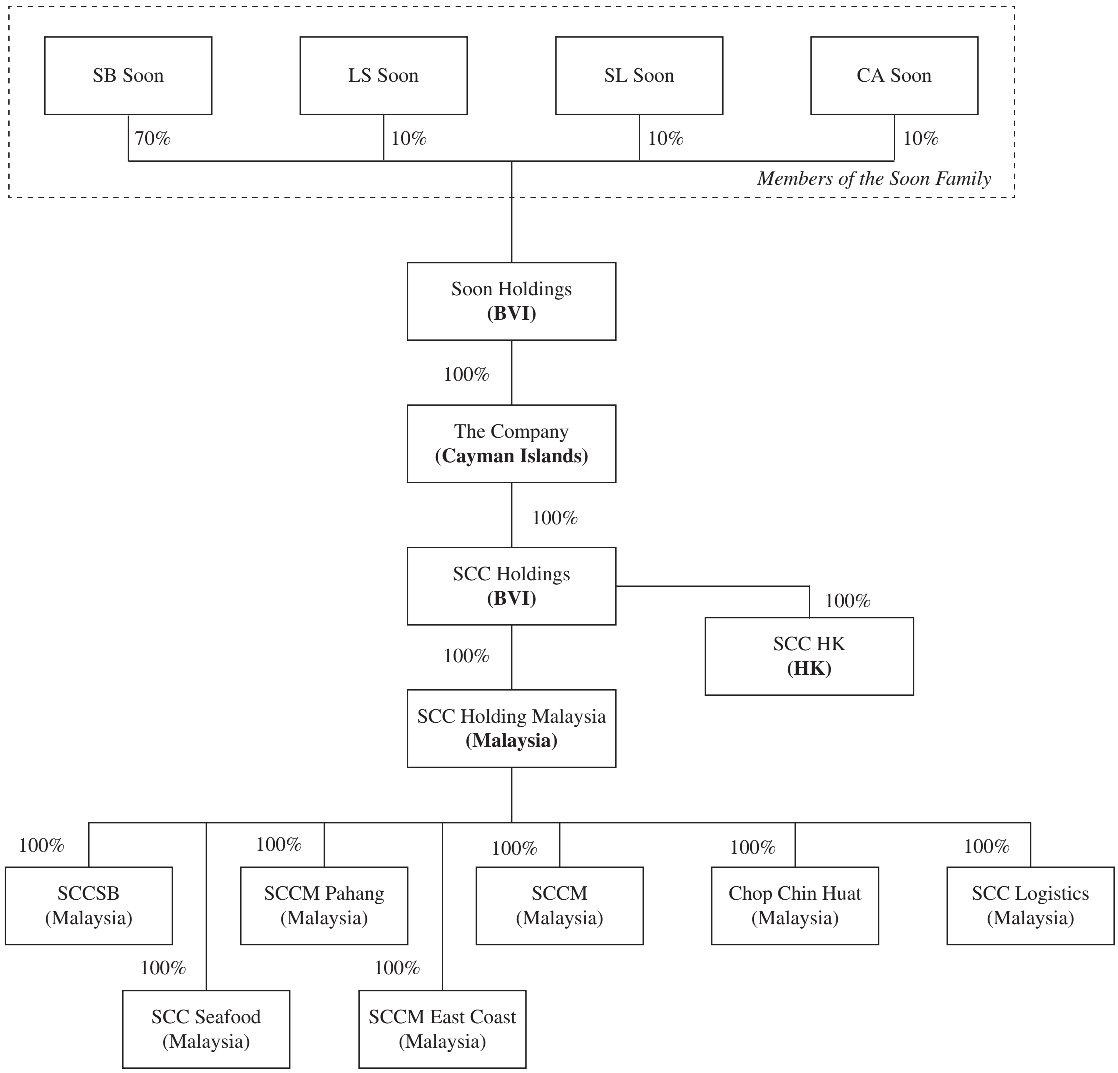
(15) Given that NSB Marketing had ceased operation, in order to streamline the corporate structure of our Group, SCC Holding Malaysia disposed of the entire equity interest of NSB Marketing to SB Soon at the nominal consideration of RM100 on 31 December 2020, as deemed distribution arising from Reorganisation prior to the Listing. For further information about NSB Marketing and its disposal, please refer to the paragraphs headed "History, development and Reorganisation – Disposal of subsidiaries – NSB Marketing".

(16) Given that the Controlling Shareholders were of the opinion that it was more beneficial to focus their financial resources in the distribution and sales business in Malaysia, in order to streamline the corporate structure of our Group and to focus on our core business, SCC Holding Malaysia disposed of the entire equity interest of EC Maju Frozen to an Independent Third Party at the consideration of RM400,000 on 31 December 2020. The consideration was arrived at after arm's length negotiation between the parties thereto and taking into account the profitability and business prospect of EC Maju Frozen, in particular the loss of approximately RM0.02 million in FY2019 (based on its local audited report for FY2019) and its negative performance around 2020. For further information about EC Maju Frozen and its disposal, please refer to the paragraphs headed "History, development and Reorganisation – Disposal of subsidiaries – EC Maju Frozen".

(17) On 21 January 2021, pursuant to the Reorganisation Agreement, our Company acquired all the issued shares of SCC Holdings from Soon Holdings. In consideration thereof, our Company allotted and issued 100 Shares credited as fully paid to Soon Holdings. After the said transfer, SCC Holdings became a wholly-owned subsidiary of our Company. The above transfers were properly and legally completed and settled.

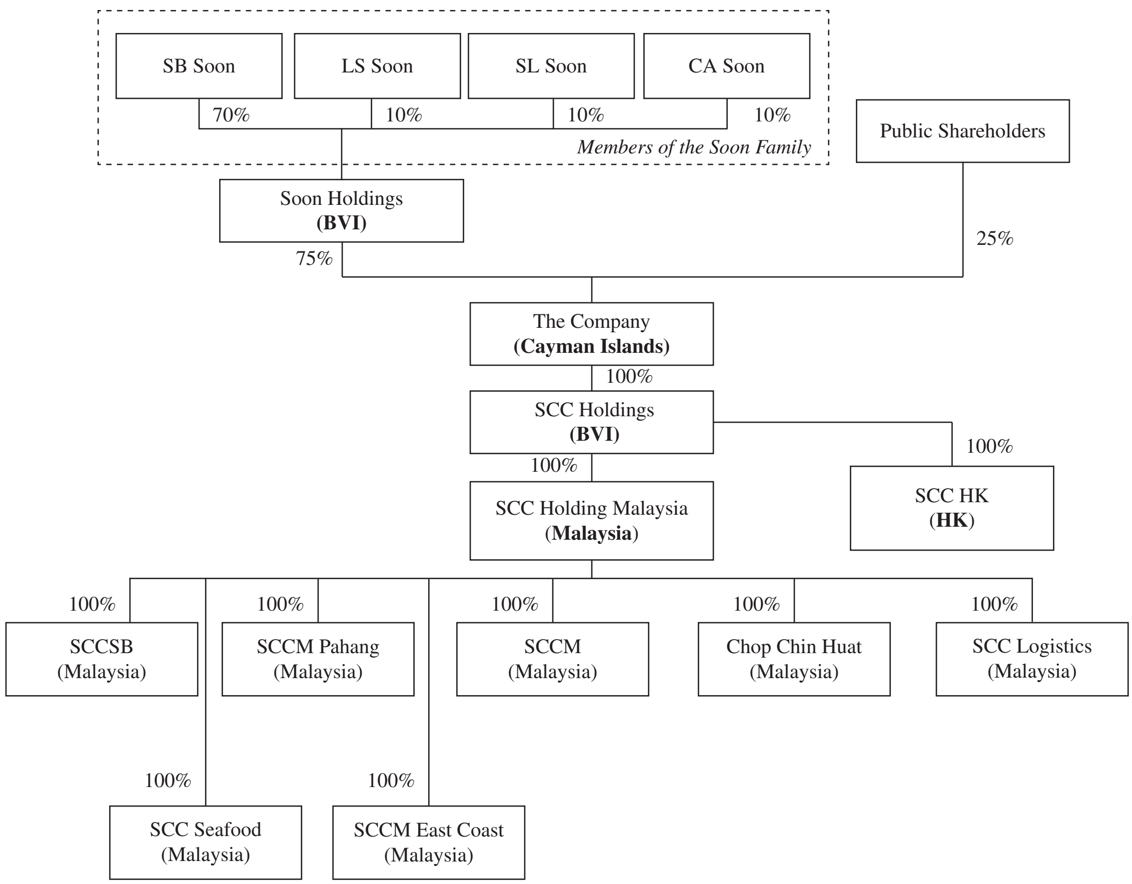
All of the share transfers mentioned above in this section have been properly and legally completed and settled.

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to completion of the Global Offering and the Capitalisation Issue:



Conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of new Shared pursuant to the Global Offering, an amount standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full at par such number of Shares for allotment and issue to Soon Holdings prior to the commencement of the trading and dealing of the Shares on the Stock Exchange, so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by Soon Holdings, will constitute not more than 75% of the enlarged issued share capital of our Company (without taking into account the Over-allotment Option and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

The following chart sets forth the shareholding structure of our Group immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme:



Compliance with applicable laws and regulations

Our Company's legal advisers as to Cayman Islands laws and Malaysia laws confirmed that we have obtained all necessary approvals for effecting the Reorganisation from the relevant authorities and that the Reorganisation complied with applicable laws and regulations pursuant to HKEX Guidance Letter HKEX-GL86-16 issued by the Stock Exchange.

OVERVIEW

We are an established distributor of F&B and other products for recognised international and domestic Third-Party Brands, and under our Own Brands with substantial scale in Peninsular Malaysia. We served a wide group of retail chains and channels in Malaysia with more than 11,000 active customers ranging from hypermarkets and supermarkets, provision shops, convenience stores and kiosks, hotels, restaurants, café, bars, school canteens, bakery ingredients shops, F&B dealers and merchandisers, etc. We offer our customers a diverse product portfolio of F&B and other products with over 4,000 SKUs across nine core categories spanning dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages, specialty products, personal and baby care products, pet care products, cleaning and kitchen supplies, covering over 200 recognised international and domestic Third-Party Brands together with our Own Brands. In addition, we also provide our suppliers with warehousing, logistics, sales and marketing support and other value-added services by allowing them to benefit from our broad industry knowledge and expertise in sourcing, procurement, physical distribution, warehousing, logistics, other supply chain solutions and services.

We source and procure a wide variety of F&B and other products with more than 200 international and domestic Third-Party Brands originated in different countries such as the United Kingdom, New Zealand, the United States, Malaysia, Japan and China etc. Examples of the recognised Third-Party Brands we distributed and sold for the Track Record Period included *Oreo* OREO, *Cadbury* Cadbury, *Ajinomoto* AJI-NO-MOTO, a British international ice-cream frozen dessert brand and a New Zealand international dairy product brand. Leveraging our substantial experience accumulated from long years of operations and collaboration with highly recognised international F&B brands, we have tapped into the sales of products under our major proprietary Own Brands, mainly including *CED*, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT for honey, sugar, salt, frozen seafood, frozen meat, and pet care products, etc., which are available in supermarkets, hypermarkets and convenience stores and kiosks across Peninsular Malaysia.

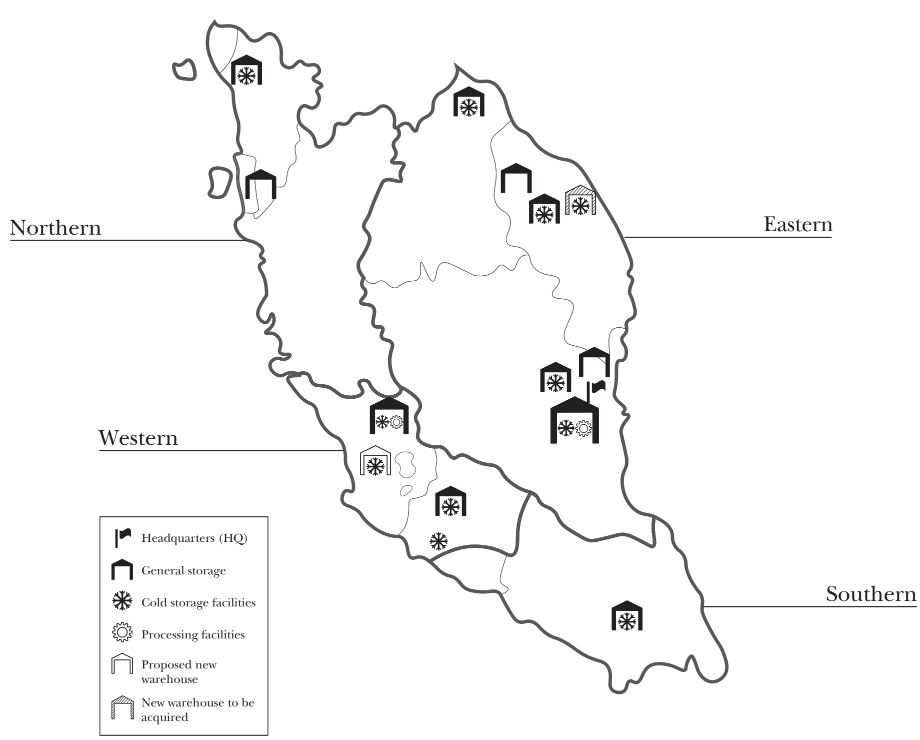
With in-depth experience in the F&B distribution market in Malaysia, our Directors believe that the core value of our business is to provide warehousing and logistics management services that can create more values to both our supplies and customers and to ensure that the entire distribution flow can take place efficiently and in a cost-effective manner. To this end, our warehousing capabilities and logistics operations play a pivotal role in the success of our warehousing and logistics management operations. As at 30 April 2022, we operated a network of 12 warehouses with an aggregate designated storage capacity of approximately 25,600 CBM and designated cold storage capacity of approximately 4,550 CBM, of which eight are self-owned (all equipped with cold storage facilities) and four are leased (one is designated for cold storage only). Our warehouses are strategically set up around our customers across all our key sales regions, located in Eastern Peninsular Malaysia (including Kuantan, Mentakab, Kuala Terengganu, Kota Bharu), Western Peninsular Malaysia (including Puchong, Seremban), Southern Peninsular Malaysia (including Johor Bahru) and Northern Peninsular Malaysia (including Perai, Alor Setar), covering the major states and federal territories of Peninsular

Malaysia, respectively. During the Track Record Period, our demand for warehousing capabilities had continued to rise, and the weighted average utilisation rate of our self-operated warehouses was approximately 86.4%, 87.1%, 79.5% and 85.6%, respectively, which was close to saturation. As a result of the increasing utilisation rate, we acquired a warehouse in FY2019 previously leased by us and leased two additional warehouses, which came into operation in FY2020. To provide a strong support system for our distribution network, as at 30 April 2022, we had a fleet of more than 140 self-operated logistics vehicles, comprising refrigerated vehicles and non-refrigerated vehicles. Among these vehicles, approximately 100 are installed with refrigerated storage or frozen storage equipment capable of maintaining storage temperature at as low as approximately -22°C. With our warehouses covering most of the Peninsular Malaysia together with our comprehensive fleet of logistics vehicles, we are able to provide robust warehousing and logistics management services and deliver products to customers on a timely basis with delivery lead time as short as within 24 hours.

During the Track Record Period, our revenue in (i) Eastern Peninsular Malaysia accounted for 67.9%, 64.5%, 61.0% and 62.6%; (ii) Northern Peninsular Malaysia accounted for 15.1%, 16.4%, 18.3% and 18.3%; (iii) Western Peninsular Malaysia accounted for 14.1%, 15.4%, 16.8% and 15.1%; and (iv) Southern Peninsular Malaysia and other parts of Malaysia accounted for 2.9%, 3.7%, 3.9% and 4.0% of our total revenue generated from distribution and sales business, respectively.

The following map illustrates the approximate location of our existing and prospective distribution platform in Peninsular Malaysia as at 30 April 2022:

Peninsular Malaysia



	No. of warehouses	Total designated storage capacity *CBM*	Cold storage: No. of facility	Cold storage: Designated capacity approximately *CBM*	General storage: No. of facility	General storage: Designated capacity approximately *CBM*	Processing facilities: No. of facilities
HQ in Kuantan Eastern	1	6,890	1	3,020	1	3,870	1
Major sales regions(Note 1)							
Eastern	5	5,810	3	750	5	5,060	–
Northern	2	10,190	1	210	2	9,980	–
Western	3	2,130	3	500	2	1,630	1
Southern	1	580	1	70	1	510	–
Subtotal	**12**	**25,600**	**9**	**4,550**	**11**	**21,050**	**2**
New warehouse to be acquired(Note 2)							
Eastern	1	5,140	1	540	1	4,600	–
Proposed new warehouse to be set up							
Western	1	5,400	1	2,700	1	2,700	–
Total(Note 3)	**13**	**35,380**	**11**	**7,790**	**12**	**27,590**	**2**

Notes:

1. We do not have any warehouse in East Malaysia.

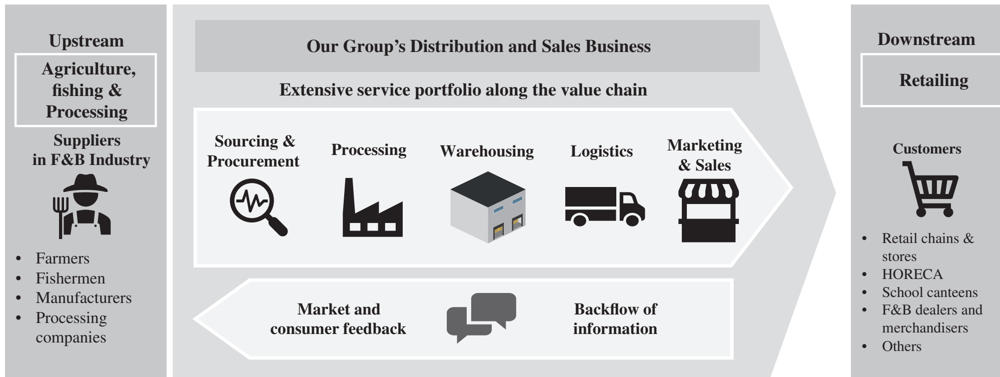
2. This warehouse is Kuala Terengganu WH I(B). Its designated storage capacity is estimated based on our intended utilisation plan and is subject to changes and adjustment. Please refer to the paragraphs headed "Our warehouses – Recent acquisition" in this section for further details of the warehouse.

3. The map above includes both self-owned and leased warehouses. Upon successful setting-up of Kuala Terengganu WH I(B), we intend to cease to lease Kuala Terengganu WH II.

OUR BUSINESS MODEL

In conducting our distribution and sales business for Third-Party Brand Products, we engage in either (i) distribution under distribution agreements we entered into with international or domestic brand owners of F&B products or their distributors pursuant to which we are typically granted the right, which is mainly non-exclusive, to, distribute and sell specified categories of branded products in designated territory with provision of marketing and other sales support services; or (ii) sourcing and purchase of F&B products in pallets and bulk from upstream suppliers for sale to our customers in smaller portions, who would resell the products onwards to end consumers. Our primary business is to source and procure F&B products from upstream suppliers for our onward distribution which allows retailers and other customers to have access to items from a wide variety of suppliers, who would in turn resell the products to end consumers at market prices. Our operations allow us to capitalise on emerging opportunities in the food retail industry in Malaysia in which our major customers are engaged. Hence, our distribution and sales businesses mainly include: (i) Third-Party Brand Distribution; (ii) Own-Product Sales, which includes Own-Brand Sales and White-Label Sales.

The following diagram sets forth our business model in the F&B value chain:



Third-Party Brand Distribution

Under the distribution agreements between us and our suppliers in respect of Third-Party Brand Products, we purchase branded products and sell them independently to our customers on our own account. According to the F&S Report, F&B brand owners generally rely on one or a few local distributors designated by them to distribute their products across Malaysia as it is difficult for these brand owners to establish their own distribution channel within the nation and to deliver products to their customers in a cost-effective manner. We also purchase products in bulk from our suppliers without entering into distribution agreements and enjoy the benefit of economies of scale for onward sale to our customers in a smaller portion, depending on the size of individual sale orders, and our customers in this respect are mainly retailers who resell our products to end consumers.

Own-Product Sales

– *Own-Brand Sales*: Throughout our long years of operation, by leveraging the advantages of our customers' insights on consumer preference, we have developed our proprietary Own Brands, namely *CED*, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT for specialty products, salt, frozen seafood, frozen meat, and pet care products, etc., to open up cross-selling opportunities. Our Own-Brand Products generally generate higher gross profit than similar Third-Party Brand Products.

– *White-Label Sales*: In recent years, we have seen a surgence of white labels and private brands developed by traditional retailers trying to differentiate their product offerings from other market players and thereby enhance profitability. According to F&S Report, White-Label Products are generally sourced at a relatively lower price than private label products and Third-Party Brand Products as they lack brand value and additional processing requirements such as labelling. By offering White-Label products, we widen the range of our product sales price, increase our product portfolio and diversify our target customers and market. While we continue to pursue sales growth with our Own

Brands, in light of this, we have launched frozen seafood and frozen meat under our White Label particularly for hypermarkets, supermarkets and retailers who are seeking low-cost, large-scale reliable suppliers to support their white-label and private brand program requirements.

As for our Own Products, they are sourced from our raw material suppliers and/or OEM suppliers. For our Own-Brand Products, we either engage OEM suppliers to manufacture, package and label products (such as pet care and frozen food) for us, or purchase raw materials (such as honey and salt) from our raw material suppliers for processing (such as bottling, labelling and filling) at our processing facilities located at our Kuantan WH (HQ) and Puchong WH I. For the White-Label Products, raw materials will also be processed at our processing facilities.

We believe the following main features of our business model have enabled our Group to become more competitive and incur lower average cost of sales per unit, when compared with other market players:

(i) *Bulk purchase*: Owing to our business model and well-established reputation in the industry, we have built up business relationships with many of our customers which are established international and local retail chains in Malaysia, inherently accustomed to purchasing products from us frequently and in large quantities. Being their upstream supplier, we also purchase products in bulk to meet our customers' demand, which enables us to negotiate for more bulk purchase discounts with our suppliers, whereby our average cost of sales per unit can be lowered. This helps us achieve economies of scale and part of the discount generated from our bulk purchase can be passed on to the customers as well.

(ii) *Achieving sales target*: Our suppliers generally offer rebates to us if we achieve the pre-agreed sales target. Owing to the large-quantity purchases placed with many of our suppliers, we are generally in a better position to negotiate for and obtain more favourable terms, including terms in relation to the said rebates which could have the effect of lowering our cost of sales and thus achieve a higher gross profit margin than our general market peers.

(iii) *Operational efficiency*: Our scale of business operations also allows us to achieve greater operational efficiency in terms of warehousing and logistics. Since our customers generally require large quantities of products with frequent deliveries and short delivery lead time, we are equipped with the necessary distribution infrastructure to support our large-scale business operations. The extensive geographic coverage of our warehouses and logistics operation across Peninsular Malaysia not only enables us to satisfy our customers' needs and enhance customer loyalty, but also allows us to distribute our products widely and efficiently. For instance, our warehouses supported by our logistics fleet are widely located across

Peninsular Malaysia so that we could serve more customers in a cost-effective fashion by shortening the delivery distance. As such, with our strategically set up distribution infrastructure, our cost of sales can be further lowered and our gross profit margin increased.

(iv) *Our Own-Product Sales business*: Since the sales of our Own Products involves fewer intermediaries (such as third-party brand owners, wholesalers and distributors) in the supply chain and our Group also undertakes the processing of some of our Own Products, coupled with our greater flexibility and autonomy in pricing of our Own Products, our Own Products generally have a higher gross profit margin than our Third-Party Brand Products. As we have been placing increasing emphasis on developing our Own-Product Sales business, sales of our Own Products have also played a significant role in lowering our average cost of sales.

Given our business strategy in continuing to expand our business and reinforce our advantages, in particular through our proposed business plans as set forth under the paragraphs headed "Business strategies" below in this section (such as further enhancing our warehousing and logistics infrastructure and developing our Own Products), our Directors believe that we will be able to maintain our competitive strengths going forward.

COMPETITIVE STRENGTHS

Our Directors consider that the following competitive strengths have contributed to our success:

We are an established F&B distributor in Malaysia to capitalise on growing business opportunities

With our long years of experience in and dedication to the F&B distribution industry in Malaysia, our Group has become an established F&B distributor with substantial scale across Malaysia, supporting over 200 international and domestic F&B brands. Examples of the Third-Party Brands we distributed for the Track Record Period included *Oreo* OREO, *Cadbury* Cadbury, *Ajinomoto* AJI-NO-MOTO, a British international ice-cream frozen dessert brand and a New Zealand international dairy product brand. We have also served a number of recognised international retail chains and large domestic retail chains such as *Nirwana, TF Value-Mart, BS Group and Sabasun*. Our Directors believe our success is mainly attributable to (i) our ability to place bulk purchase with suppliers on an on-going basis; (ii) our dedication and efforts to support our suppliers in brand positioning, marketing their branded products, selling and distribution of their products; (iii) our warehouses which are supported by our cold chain management and logistics where our cold storage facilities are able to provide optimal storage condition and temperature, to maintain the quality of the products and extend their shelf life; (iv) our all-rounded services which consist of sourcing, procurement, physical distribution, warehousing, logistics, other supply chain solutions and services; (v) a fleet of various kinds of logistics vehicles including refrigerated vehicles for storage of frozen food and dairy products that can cater to our customers' varying needs in product delivery and enable us to reduce the delivery lead time, maintain the freshness and safeness of the F&B products; and (vi) the value-added sales support and after-sales services that we provide to our suppliers and customers, such as stock arrangement and fridge cleaning, etc. To establish our reputation and enhance our market penetration, we are committed to offering a wide range of products under different brands to our customers with timely delivery to their designated locations. We have also received awards and recognitions by Malaysian associations in recognition of our excellent product and services, such as the Superbrands Status and the Sin Chew Business Excellence Awards.

According to the F&S Report, given the economic development and the increasing GDP per capita in Malaysia, consumers have started showing a preference for quality products under renowned brands. The on-going urbanisation further enables Malaysian citizens to pursue higher living standards and hence the F&B market in Malaysia is expected to continue to expand and reach RM76.9 billion in 2026 at a CAGR of approximately 5.2%. Leveraging our success in the distribution and sales business of Third-Party Brand Products and broad product knowledge with deep market insights, we have further tapped into the sales of Own Products which present revenue-generating opportunities as retailers are seeking suppliers which can support their private label programmes. As an established F&B distributor in the F&B distribution industry in Malaysia, our Directors believe that we are well-positioned to take advantage of the market potential and expect to continue our business growth.

We have strong sourcing and procurement capabilities and maintain long-term relationship with a large and diverse group of recognised international and domestic brand owners and other F&B suppliers

During the Track Record Period, we distributed and actively managed our diverse portfolio of F&B brands of a wide selection of quality F&B products which can be divided into nine different core categories. We also acted as a distributor for distributing and selling recognised international and domestic brands such as *Oreo* OREO, *Cadbury* Cadbury, *Ajinomoto* AJI-NO-MOTO, a United Kingdom ice-cream brand and a New Zealand dairy product brand across Peninsular Malaysia, covering over 4,000 SKUs with different price ranges and are sourced from international and domestic brands. Since 2007, we started tapping into the development of certain Own-Brand Products, the variety of which was gradually expanded to cover specialty products, salt, frozen seafood, frozen meat, and pet care products, etc. under our major Own Brands, such as *CED*, *Mega Fresh*, *Mega Food* MEGA, *Sayangku* and *Snowcat* SNOWCAT to further enlarge our brand and product portfolio and consumer base. Furthermore, we also sell White-Label Products, such as frozen seafood and frozen meat after they are processed by us in our processing facilities.

Benefitting from our stable relationships with our suppliers, during the Track Record Period, we were able to provide a steady supply and different choices of F&B products to our customers under over 200 Third-Party Brands, consisting of approximately 140 international brands and approximately 80 domestic brands, together with products under our five major Own Brands, covering various product types and price ranges. Our five largest suppliers during the Track Record Period had established long-term business relationship with our Group ranging from approximately five to 26 years as at 30 April 2022. We are also able to source quality products from our OEM suppliers and raw material suppliers, which enables us to offer a collection of our Own Products. Our Directors believe that suppliers of Third-Party Brand Products and our Own Products have developed mutual trust with and confidence in our Group throughout our years of cooperation, thus enabling our Group to ensure a stable supply of products. We will continue to explore new brands and products that we believe to have growth potential and to diversify our product offerings.

We have a large and diverse customer base with a strong focus on large retail chains and channels

Our Group has established and maintained a large customer base with more than 11,000 active customers over the years with a focus on well-established retail chains. As at the Latest Practicable Date, many of our customers are established international retail chains and local retail chains which generally make purchases frequently and in huge quantities. As a result of our effort to diversify customer portfolio, we also serve F&B dealers and merchandisers, school canteens, HORECA and other customers. As at 30 April 2022, we had established long-term business relationship with our five largest customers during the Track Record Period ranging from approximately 11 to 26 years. We achieved high customer retention rate, given revenue generated from repeat customer accounts contributed over 90% of our total revenue for FY2019, FY2020 and FY2021.

Our Directors believe that with our large and diverse customer base as illustrated above, the increasing scale and complexity of our customers' business operation have driven demand for F&B products we sourced from suppliers that scale up our procurement and other business activities, thereby growing our revenue. We also enjoy economies of scale and cost structure is optimised, thereby increasing our profitability.

Our expansive distribution network is strategically located and well equipped with temperature-controlled facilities

Our Directors believe that our distribution network, which form the cornerstone of our warehousing and logistics management services, can effectively facilitate the supply chain of F&B distribution. As at 30 April 2022, we operated 12 warehouses strategically located in the major sales regions in Peninsular Malaysia, namely Eastern Peninsular Malaysia (including Kuantan, Mentakab, Kuala Terengganu and Kota Bharu), Western Peninsular Malaysia (including Puchong and Seremban), Southern Peninsular Malaysia (including Johor Bahru) and Northern Peninsular Malaysia (including Perai and Alor Setar), which serve as our distribution centres supplying products to customers around these regions, under the management of our well-trained staff, with designated storage capacity of approximately 25,600 CBM (nine of which are equipped with cold storage facilities with an aggregate of approximately 4,550 CBM mainly for storage of frozen food and dairy products) to capture on the rising demand of these product categories as at 30 April 2022.

As at 30 April 2022, we also operated a fleet of over 140 self-operated logistics vehicles, of which approximately 100 are refrigerated trucks, which facilitate an effective and efficient flow of warehousing and logistics management operations.

Attributed to our warehousing and logistics operations, we are able to attain the distributionship of our suppliers' products in different geographical locations across Malaysia, achieve greater operational efficiency and cost-effective delivery, maintain a high level of stocks at our warehouses available to meet the various demands of our customers, and deliver products to more customers on a timely basis with delivery lead time as short as within 24 hours.

We have an experienced and dedicated senior management team and a stable and dedicated workforce

We have an experienced, dedicated and capable management team led by our executive Directors, the Soon Brothers, who have been instrumental in spearheading the growth of our Group and have over 30 years of experience in the business of distribution of F&B products in Malaysia. They are responsible for the overall business strategy, planning, operational and sales management and development of our Group. Over the years, they have executed sound business strategies to guide our expansion and the establishment and maintenance of our long-term and stable relationships with international and domestic customers and suppliers.

In addition, we have a loyal, experienced and capable senior management team with extensive operational expertise and in-depth understanding of the F&B distribution industry in Malaysia. Our senior management team members are capable of identifying customers' and end consumers' preferences and recent market trends of F&B products in Malaysia when we look for new brands and formulate our business strategies. Under the leadership of our Directors and other members of our senior management team, we have grown into a well-established F&B distributor in Malaysia with a high degree of product differentiation and a broad brand portfolio.

We also have a workforce who work on all levels of our operations. With the belief that our employees are key assets to our business, we aim to provide our employees with ample career development opportunities and training supports and we have achieved a relatively stable and dedicated workforce.

Attributed to the expertise and in-depth knowledge of our management team and a stable and dedicated workforce, we believe that we are well-positioned to achieve further growth and to take advantage of the various market opportunities in the future. Please refer to the section headed "Directors and senior management" in this prospectus for further information about our Directors and management team.

Given our effort in continuing to expand our business and develop our advantages as stated above, coupled with our proposed business plans as set forth under the paragraphs headed "Business strategies" below in this section, our Directors believe that we will be able to maintain our competitive strengths going forward. Our proposed future plans are designed to, among others, complement and further enhance our strengths. For instance, our plan to set up new warehousing facilities would serve to further strengthen our expansive distribution network.

BUSINESS STRATEGIES

To maintain our growth and competitiveness, we aim to implement strategies and expansion plans that focus on revenue growth and enhancing the efficiency of our operation through (a) enhancing our distribution and sales capabilities by (i) setting up a new warehouse with cold storage facilities and upgrading our self-owned warehouses with advanced features, (ii) acquiring and upgrading cold and general logistics vehicles, and (iii) enhancing cold chain and general management and information systems; (b) developing our Own Products business by conducting marketing and promotional activities and acquiring new processing machines; (c) developing e-commerce business by launching a mobile application; and (d) conducting strategic acquisitions and investments along our supply value chain. After the implementation of our strategies and expansion plans, we target to achieve an incremental growth in revenue after taking into account, among others, the following:–

(i) *the forecasted growth in the F&B market in Malaysia.* According to the F&S Report, driven by growing economy and purchasing ability, the market size by revenue of the F&B market is expected to keep a steady growth, increasing from RM62.7 billion in 2022 to RM76.9 billion by 2026, representing a CAGR of approximately 5.2%. Our Directors believe that by implementing our expansion plan in enhancing our warehousing capabilities and logistics operation, our competitive strengths can be further enhanced to capture more business opportunities from the growth in the F&B market in Malaysia.

(ii) *the forecasted growth in the cold chain market in Malaysia.* According to the F&S Report, Malaysia's cold chain market had grown notably over the last five years. In line with the overall rising trend of the F&B market, it is expected that the market for cold chain products such as frozen food and dairy products will also be on the rise, according to the F&S Report. Our Directors therefore believe that the demand for our frozen food and dairy products will increase accordingly, which also necessitates enhanced cold chain infrastructure such as cold storage facilities and refrigerated vehicles.

(iii) *the forecasted growth in the retail market in Malaysia.* Driven by the above forecasted growth in the F&B market in Malaysia, the Malaysia retail market, with its major market players being our main customers, is also expected to experience steady growth, according to the F&S Report, thereby propelling demand for F&B products supplied by F&B distributors.

(iv) *the rising trend of white-label and private brand product requirements.* According to the F&S Report, there has been a surgence of white labels and private brands in the Malaysia F&B market, and traditional retailers such as hypermarkets and supermarkets are seeking suppliers which can provide white-label and private brand products in order to differentiate these retailers' offerings and enhance their profitability due to the generally higher profit margin of White-Label and private brand products as compared with renowned Third-Party Brand Products. Our Directors believe that this trend is favourable to our business of Own Products.

(v) *our fully or almost fully utilised warehousing spaces and logistics vehicles which had limited our Group's ability to grow further during the Track Record Period.* Considering that both large warehousing capabilities in terms of storage capacity and condition and logistics operation in terms of the number and functions of our logistics vehicles are pivotal to our success, our Directors believe that the expansion of our warehousing spaces and logistics operation will enhance our distribution and sales network, expand our storage space, better maintain the quality of our F&B products; and reduce the delivery lead time of our products. Moreover, upgrading our warehouses with advanced features, upgrading our ERP system and acquiring new processing machines for processing our Own Products can enhance not only our operational efficiency but also the development and sales of our Own Products; and

(vi) *the relatively higher profit margin of the sales of our Own Products.* Our Own-Brand Products and White-Label Products generally have a higher gross profit margin mainly because the sales of our Own Products involve fewer intermediaries in the supply chain and our Group also undertakes the processing of some of our Own Products, coupled with our greater flexibility and autonomy in pricing of our Own Products. For the Track Record Period, the gross profit margin of the sales of our Own-Brand Products was approximately 23.2%, 25.7%, 27.3% and 28.0% and that of the distribution and sales of Third-Party Brand Products was approximately 11.0%, 11.2%, 10.9% and 11.4%, respectively.

We believe that our competitive edge as set in the paragraphs headed "Competitive strength" in this section coupled with the implementation of the following key strategies will enable our Group to capture the business opportunities arising from the increasing demand for F&B products in Malaysia and to increase our market share, while modernising our business and enhancing our efficiencies in the fast-changing F&B industry in Malaysia.

I. Further enhancing our distribution and sales capabilities by investing in cold chain and other infrastructure

During the Track Record Period, our revenue generated from frozen food and dairy products represented approximately 50% of our total revenue. Both frozen food and dairy products are sold by us under, in addition to Third-Party Brands, our Own Brands or on a White-Label basis which generally have a higher profit margin as compared to the distribution and sales of Third-Party Brand Products. Hence, these products, which require cold storage, will continue to be one of the key focuses of our business and our primary business strategies should pivot around enhancing our cold chain warehousing and logistics capabilities and management. In this regard, we plan to (i) set up a new warehouse with cold storage facilities and upgrade our self-owned warehouses with advanced features; (ii) acquire and upgrade cold and other logistics vehicles; (iii) enhance cold chain and other management and information systems.

(i) Setting up a new warehouse with cold storage facilities and upgrading our self-owned warehouses with advanced features

Setting up a new warehouse

In view of our anticipated business growth and increasing inventory flow, we expect to experience a rising demand for warehousing space. As storage of our frozen food and most of our dairy products, on which our expansion plans will focus, will require cold storage to maintain food quality and safeness, cold storage facilities will be a primary criterion of our new warehouse. Due to the substantial initial set-up costs for installing cold storage facilities, we consider that it would be more commercially sensible in the long run to set up our own warehouses with cold storage facilities instead of leasing them. The warehouse layout can also be customised without restriction that may be imposed by the landlord or the burden of reinstatement cost. Apart from cold storage facilities, the expected increase in designated general storage capacity would also facilitate the optimisation of our storage space and enhance the efficiency in sales of our products that are stored under general condition and improve our operational results.

During the Track Record Period, our Group also leased storage spaces from warehouse and logistics service providers on an as-needed basis for storage of our inventories and delivery of the same to our customers. As these external service providers need to accommodate other market players in the F&B distribution industry in Malaysia, the common facilities such as loading docks for loading and unloading of products need to be shared with other users. Thus, we are subject to the loading and unloading schedule of the external service providers which may not fit our own schedule for receiving and delivering products. Moreover, we are also subject to the availability of storage spaces of these warehouse and logistics service providers from time to time. Our timetable for delivery may also be subject to the availability of their delivery vehicles. As a result, our delivery schedule and operation may be affected. In light of the above, our Directors believe that setting up a new warehouse of our own could improve our operational efficiency and flexibility.

On the other hand, though our Group generally does not have exclusive distributorship of the Third-Party Brands, there is a genuine need for our warehouse expansion because, to the best knowledge and experience of our Directors, this will not be a material factor in assessing our need for setting up new warehouses since exclusivity of a brand product has no direct bearing on the level of demand for our products. After making enquiries with some of our suppliers of Third-Party Brand Products, and as further supported by the F&S Report, our Directors note that both recognised international and domestic Third-Party Brands in Malaysia, including some of our Group's suppliers, generally do not grant exclusive distributorship to any distributor for their F&B products due to the immense demand for their products, their large operation scale and their policy to avoid reliance on any particular distributor. Hence, it is the popularity and consumer acceptance of a brand product among customers and general consumers that are crucial in giving rise to immense demand for the products, which in return results in the increasing demand for warehousing spaces for storage of these products and has become a more significant driver of our need to expand our warehousing spaces.

During the Track Record Period, the weighted average utilisation rate of our self-operated warehouses was approximately 86.4%, 87.1%, 79.5% and 85.6%, respectively, which was close to being fully utilised. As such, in order to leverage the market growth and deepen our market penetration, our Directors believe it is imperative that we continue to enhance our warehousing capabilities. In this regard, we have targeted two regions, namely Eastern and Western Peninsular Malaysia, to put into action our warehousing capacity expansion plan. We have first implemented such strategy by planning to purchase a new warehouse (directly, instead of the purchase of a company holding the warehouse), namely Kuala Terengganu WH I(B), in Eastern Peninsular Malaysia, where we generated revenue accounting for approximately 67.9%, 64.5%, 61.0% and 62.6% respectively of our total revenue from distribution and sales during the Track Record Period. Currently, we operate a warehouse, namely Kuala Terengganu WH II located at Gong Badak, which is leased from Independent Third Parties and has a designated general storage capacity of approximately 760 CBM. We plan to relocate our operation therein to Kuala Terengganu WH I(B) to be acquired and set up, since: (i) the lease term is generally without certainty for renewal or extension; (ii) the capacity of Kuala Terengganu WH II had reached its saturation level and there is no room for further expansion given its building structure and layout which had been approved by the relevant government authorities and that it is illegal for us to add additional structure or extend the building without the prior written approval from the relevant government authorities which has to be applied for by the landlord; and (iii) during the Track Record Period, our lease agreements generally explicitly restricted us from altering its existing building structure due to the aforementioned reasons. For further details of our expansion in Eastern Peninsular Malaysia, please refer to the paragraphs headed "Our warehouses – Recent acquisition" in this section.

In addition, to further the expansion strategy, we also plan to establish a new warehouse with cold storage facilities in Klang in the state of Selangor in Western Peninsular Malaysia ("**New Klang WH**"). The New Klang WH is intended to complement the operation therein by increasing the designated capacity by approximately 5,400 CBM, half of which would be used for cold storage.

Our Directors believe that such increases are justifiable, considering the following factors:

(A) Significantly inadequate storage capacity of our existing self-owned and leased warehouses

The revenue generated from our distribution and sales business in Western Peninsular Malaysia amounted to approximately RM68.0 million, RM85.1 million, RM110.5 million and RM39.7 million, respectively, for FY2019 to FY2021, representing a growth at a CAGR of approximately 27.5%. By reason of such revenue growth, our two self-owned warehouses in Western Peninsular Malaysia, namely Puchong WH I and Seremban WH I, which have a total designated storage capacity of approximately 2,060 CBM (1,630 CBM for general storage and 430 CBM for cold storage), had been highly utilised from FY2019 to 4M2022 with an overall utilisation rate of approximately 89.5% for the same period. We have also leased an additional warehouse specifically for cold storage, namely Seremban WH II, which has a designated cold storage capacity of approximately 70 CBM since January 2013 under a short-term lease period which had been renewed over the years and the current lease of which will expire in January 2024. This leased cold storage warehouse has been ramped up at an overall average utilisation rate of approximately 90.5% during the Track Record Period. For 4M2022, the utilisation rates of our self-owned and leased warehouses in Western Peninsular Malaysia were approximately 99.1% for general storage and 99.9% for cold storage.

Due to the high utilisation rates of our self-owned and leased warehouses as demonstrated above in view of the historical sales growth in Western Peninsular Malaysia during the Track Record Period, we have also engaged two Independent Third Party warehouse and logistics service providers in Western Peninsular Malaysia for the provision of additional storage space (the "**I3P Storage Spaces**") on an as-needed basis. The actual average monthly usage of I3P Storage Spaces amounted to approximately 1,027 CBM, 1,562 CBM, 2,307 CBM and 2,101 CBM, respectively, for the Track Record Period, representing a CAGR of approximately 49.9% from FY2019 to FY2021.

The said increase in the usage of the I3P Storage Spaces was primarily attributable to the increased actual average monthly usage of the I3P Storage Spaces specifically for our cold storage products in Western Peninsular Malaysia, which amounted to approximately 691 CBM, 845 CBM, 1,239 CBM and 1,159 CBM, respectively, for the Track Record Period, representing a CAGR of approximately 33.9% from FY2019 to FY2021. During the Track Record Period, approximately 58.5% to 71.6% of our total cold storage products in Western Peninsular Malaysia were stored in the I3P Storage Spaces. For general storage purposes, the actual average monthly I3P Storage Spaces used by us was approximately 336 CBM in FY2019, accounting for approximately 20% of our total general storage usage in

Western Peninsular Malaysia. With the growth of our sales since FY2019, the actual average monthly I3P Storage Spaces used by us for general storage had doubled and increased to approximately 717 CBM in FY2020, 1,068 CBM in FY2021 and 942 CBM in 4M2022.

Our Directors believe that such a high proportion of I3P Storage Spaces usage will not only expose us to additional business risk and uncertainty for securing I3P Storage Spaces to meet the requirements of our orders for storage and maintenance of the quality of our F&B products, but also hinder our ability to obtain more business from customers by sourcing new products or SKUs from existing or new suppliers. In order to minimise potential business operational risk arising from a high proportion of I3P Storage Spaces usage and enhance our operational efficiency and flexibility, our Directors consider it a radical and definite solution for us to set up our own storage facilities in Western Peninsular Malaysia to substitute the I3P Storage Spaces. In light of the above, upon successful setting up of the New Klang WH, we intend to progressively reduce our usage of the I3P Storage Spaces in Western Peninsular Malaysia on a phased approach with a view to eventually terminating all such usage.

We have adopted a prudent approach in establishing our self-owned warehouses. Despite our continual revenue growth in Western Peninsular Malaysia during the Track Record Period, we had maintained three existing self-owned and leased warehouses in the region at a constant storage capacity of approximately 2,130 CBM since the beginning of the Track Record Period and utilised the I3P Storage Spaces on an as-needed basis to satisfy the increasing needs for storage spaces in response to the historical sales growth. As such, the increase of storage space of approximately 5,400 CBM from setting up the New Klang WH would amount to an increase of approximately 121.7% of our historical aggregate storage space in Western Peninsular Malaysia of approximately 4,437 CBM (the aggregate designated storage capacity of our self-owned and leased warehouses and the actual average monthly usage of I3P Storage Spaces by our Group in Western Peninsular Malaysia for FY2021). Our Directors consider that such increase will be able to satisfy our need for storage space arising from our long-term business growth for approximately three to five years after commencement of operation of the New Klang WH in FY2023.

(B) Expected general market growth of F&B distribution in Western Peninsular Malaysia

Our Directors believe that there is sufficient demand in the F&B distribution market in Western Peninsular Malaysia. According to the F&S Report, the most populated areas in Malaysia are located in Western Peninsular Malaysia and along Southern Peninsular Malaysia. Kuala Lumpur, the capital city of Malaysia located in Western Peninsular Malaysia, is Malaysia's largest and fastest-growing city with close to approximately 8 million citizens living in the metro area, and is its economic, financial and cultural centre. The federal territory of Kuala Lumpur is enclosed by the highest populated state of Selangor.

According to the data released by the Department of Statistics Malaysia, the nominal GDP of Western Peninsular Malaysia had increased at a CAGR of approximately 4.2% from 2016 to 2020, which is higher than that of the whole Peninsular Malaysia (approximately 3.8%) and its other major regions (Southern: approximately 3.1%; Northern: approximately 3.7%; Eastern: approximately 3.9%). In addition, according to the Household Expenditure Survey Report published by the Department of Statistics Malaysia, from 2016 to 2019, the F&B expenditure of Western Peninsular Malaysia increased at a CAGR of approximately 5.5%, which is higher than that of the whole Peninsular Malaysia (approximately 4.8%) and is also the highest among its major regions (Southern: approximately 5.4%; Northern: approximately 3.5%; Eastern: approximately 3.9%).

Further, according to the F&S Report, driven by the faster economy development and growing urbanisation in Western Peninsular Malaysia, the F&B distribution market in Western Peninsular Malaysia plays an increasingly important role in Malaysia. In particular, according to the F&S Report, the market size of the F&B distribution market in Western Peninsular Malaysia increased from approximately RM6.8 billion in 2017 to approximately RM8.8 billion in 2021, representing a CAGR of approximately 6.5%, and the percentage of revenue generated from Western Peninsular Malaysia's F&B distribution industry against the revenue in the whole Peninsular Malaysia also increased from approximately 43.0% to approximately 43.6% in the same period. Looking forward, it is expected that the Western Peninsular Malaysia F&B market will continue to develop with strong economy growth momentum and increasing income and expenditure level, especially for Kuala Lumpur as the economic, financial and cultural centre of Malaysia. In this context, the market size of the F&B distribution market in Western Peninsular Malaysia is estimated to grow steadily from approximately RM9.4 billion in 2022 to approximately RM12.4 billion by 2026, representing a CAGR of approximately 7.0%.

Specifically, the cold chain market in the state of Selangor where the New Klang WH will be located is expected to see rapid growth in the coming years, as evidenced by the increase in annual household expenditure on frozen food and dairy products in Selangor from approximately RM1,508.0 million in 2015 to approximately RM1,952.2 million in 2019, representing a CAGR of approximately 6.7%, which is expected to grow further from approximately RM2,030.3 million in 2020 to approximately RM2,537.9 million by 2024, representing a CAGR of approximately 5.7%, according to the F&S Report.

Our Directors believe that this could present significant business potential and demand for our frozen food and dairy products, which justifies our need to substantially increase our designated cold storage capacity.

As stated in the paragraph headed "Industry overview – Competitive landscape analysis" in this prospectus, the Malaysia F&B distribution market competitive landscape is fragmented in nature and highly competitive with a mix of global and local players. The market is still served by small- and medium-sized local players with small fleets and storage spaces. The Malaysia F&B distribution market is quite fragmented with over 200 players and the top five players accounted for a total share of 22.6% in terms of revenue. Company A ranked first by revenue in 2021, with a market share of 9.5%, followed by Company B (5.0%), Company C (3.4%). Our Group ranked fourth with revenue from distribution and sales business of F&B products in 2021 of approximately RM592.9 million, accounting for approximately 2.5% of total market size. According to the F&S Report, global players are investing in the market and acquiring local companies to increase their footprint in the region. To compete with global players, local enterprises are also investing in cold chain infrastructure to meet the standards. Companies with a wide variety of quality and safe F&B products, large distribution network and well-established logistics such as cold chain infrastructure will gain more competitive advantages.

Our Directors are of the view that notwithstanding the fragmented F&B distribution market in Malaysia, our Group will be able to capture and capitalise on the expected general market growth of the F&B distribution market in Western Peninsular Malaysia and the business opportunities arising therefrom, taking into account, in particular, (i) our growth potential in Western Peninsular Malaysia considering our historical CAGR of approximately 27.5% for FY2019 to FY2021; (ii) potential growth of our customers' demand considering the historical growth in our active customers number in Western Peninsular Malaysia from approximately 2,940 in FY2019 to approximately 3,100 in 4M2022, and in their points of sales in Western Peninsular Malaysia from approximately 4,350 in FY2019 to approximately 4,540 in FY2021; (iii) our extensive geographical coverage and sales network supported by our self-operated warehouses and logistics operation in the major sales regions in Peninsular Malaysia, and by external warehouse and logistics service providers in other regions; (iv) our substantial logistics infrastructure and operation supported by our own logistics fleet, the majority of which are refrigerated vehicles; (v) our ability to obtain distributorships and maintain long-term business relationships with recognised international and domestic F&B brand owners; (vi) our diverse customer base with a focus on well-established retail chains which have the capacity to place large and frequent purchases with us; and (vii) our extensive brand and product portfolio with more than 4,000 SKUs with different price ranges across nine core categories during the Track Record Period, including dairy products and frozen food, which enables us to offer a one-stop purchase experience to our customers. Our Directors believe that upon implementation of our business strategies, including the setting up of the New Klang WH, we will be in a strengthened position to outcompete our market rivals, many of which are, as mentioned above, small- and medium-sized local players with small logistics fleets and storage spaces which may not have the necessary facilities to support a substantial cold chain F&B distribution operation. Although Eastern Peninsular Malaysia had been the region where we generated the most revenue during the Track Record Period, our Directors believe that our intended business expansion and setting up of the new warehouse in Western Peninsular Malaysia are justified and supported by (i) the fact that we have substantial and growing business operation in Western Peninsular Malaysia which contributed an increasing amount of revenue, accounting for approximately 13.7%, 15.1%, 16.5% and 14.9%, respectively, of our total revenue during the Track Record Period; (ii) our plan to proactively approach existing and/or new suppliers in relation to distributorship of their products in Western Peninsular Malaysia which we did not attempt to secure or failed to secure due to constraints pertaining to self-owned storage capacity (such as the unsuccessful attempt to secure distributorship from Supplier B as set forth under paragraph (D) below); and (iii) other factors concerning substantive demand for and use of additional storage capacity in Western Peninsular Malaysia as set forth in detail under paragraphs (D) and (E) below.

(C) Proven track record of our historical sales growth in Western Peninsular Malaysia

The increase in the demand for F&B products in Western Peninsular Malaysia and our ability to capture the same are also reflected by our business growth in the region. Our revenue generated from our distribution and sales business in Western Peninsular Malaysia has shown a steadily increasing trend, from approximately RM68.0 million for FY2019 to approximately RM110.5 million for FY2021, at a CAGR of approximately 27.5% and from approximately RM35.2 million for 4M2021 to approximately RM39.7 million for 4M2022, representing an increase of approximately 12.8%.

Our Directors believe that our business growth is also well supported by our customers' increasing demand for our products in Western Peninsular Malaysia which further justifies the setting up of the New Klang WH. There has been a general upward trend in customer demand in Western Peninsular Malaysia, taking into account, among others, (i) the historical revenue growth of our existing portfolio and/or brands of our products for our distribution and sales business in Western Peninsular Malaysia at a CAGR of approximately 27.5% from FY2019 to FY2021; (ii) historical revenue growth at a CAGR of approximately 15.8% for our distribution and sales business in Malaysia from

FY2019 to FY2021; (iii) expected increase in demand in the F&B distribution market in Western Peninsular Malaysia as demonstrated by its growth of market size by revenue at a CAGR of approximately 7.0% from 2022 to 2026 according to the F&S Report; and (iv) the growth in the number of our active customers in Western Peninsular Malaysia and in their points of sales in Western Peninsular Malaysia as stated above. Furthermore, we recorded a high customer retention rate as evidenced by the fact that revenue generated from repeat customer accounts contributed over 90% of our total revenue for FY2019, FY2020 and FY2021. Our historical actual storage usage in Western Peninsular Malaysia had accordingly increased steadily, amounting to a monthly average of approximately 2,939 CBM, 3,347 CBM, 4,107 CBM and 4,216 CBM, respectively, for the Track Record Period, representing a CAGR of approximately 18.2% from FY2019 to FY2021, which further increased by approximately 2.6% in 4M2022.

Based on the above proven track record of revenue growth, our Directors expect that our business in Western Peninsular Malaysia will continue to grow in the future along with the general Malaysia F&B distribution market which we will be able to capture with the implementation of our proposed business strategies.

(D) Estimated and indicative demand arising from new business

As part of our Group's continuous effort in securing new distributorships and in procuring existing customers to purchase additional products from us, we have secured, or expect to secure, new business with the following potential supplier and existing customers:

(i) We are currently in the final stage of negotiation with a potential supplier the parent company of which is listed on Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") for the potential distribution of their products which mainly include cooking oils and margarine;

(ii) We have reached an agreement with Mynews Holdings Berhad, an existing customer listed on Bursa Malaysia which is a large-scale convenience retail chain store operator with approximately 500 retail sales points across Malaysia as at 30 April 2022. Since January 2022, on top of the products we supplied to the customer, we have additionally provided our cold storage products to approximately 280 retail sales points of the customer in Western Peninsular Malaysia; and

(iii) We have reached an arrangement with Customer B, a retail chain in Peninsular Malaysia with more than 2,000 outlets as at 30 April 2022. Pursuant to such arrangement, on top of the products we previously supplied to the customer, we have been additionally providing products which mainly include peanut butter and organic sugar commencing from May 2021.

Furthermore, some of our major customers in Western Peninsular Malaysia, namely Customer D (a retail chain in Peninsular Malaysia with more than 30 outlets) and Customer E (a retail chain in Peninsular Malaysia with more than 15 outlets), have indicated an intention to continue to expand their sales network, with an intended expansion plan to open new retail sales points in Western Peninsular Malaysia in the next two to three years, which our Directors believe will lead to a higher demand from the said customers for our products.

In addition, our Directors are of the view that the setting up of a new self-owned warehouse would assist us in securing more distributorships in the future. In FY2020, we had attempted to secure distributorship of products supplied by Supplier B (one of the five largest suppliers of our Group during the Track Record Period, further details of which are set out in the paragraphs headed "Major suppliers" below in this section) in Western Peninsular Malaysia to expand the designated geographic coverage of our distributorship. We considered ourselves a competitive candidate given our (i) long-term business relationship with Supplier B for distribution of its products in Eastern Peninsular Malaysia, (ii) consistent ability to deploy self-owned warehouses with cold storage facility in Eastern Peninsular Malaysia for timely product delivery without material food safety and hygiene issues for more than 10 years, and (iii) ability to fulfill their key requirements for distributorship in Western Peninsular Malaysia in respect of, for instance, geographic coverage, financial conditions and other infrastructure. However, we were eventually declined by Supplier B by reason of not having sufficient self-owned storage capacity in the relevant area in Western Peninsular Malaysia. To the best knowledge and belief of our Directors, this is generally due to brand owners' preference for distributors which can deploy self-owned warehouses with sufficient storage spaces for the products with a minimum capacity of at least approximately 720 CBM per each year to be distributed, mainly because the distributor would have greater control and flexibility over its self-owned warehouse in relation to logistics, food safety, quality assurance, etc. Our existing self-owned warehouses in Western Peninsular Malaysia, namely Puchong WH I and Seremban WH I, had a total designated storage capacity of only approximately 1,710 CBM and 350 CBM, respectively, and were close to being fully utilised generally with an average utilisation rate of approximately 84.8% and 93.6%, respectively, for FY2020, which, to the best belief, knowledge information and estimation of our Directors having made reasonable due diligence inquiries, did not appeal to Supplier B when it selected a distributor of its dairy products in Western Peninsular Malaysia. In light of the above, we believe the New Klang WH can assist us in securing future business opportunities. Based on expected increase in self-owned designated storage capacity in Western Peninsular Malaysia after the setting up of the New Klang WH which we expect would be a favourable factor in securing distributionships due to suppliers' general preference for self-owned warehouses as explained above, our Directors expect that by the time the New Klang WH commences operation in FY2023, we would be able to secure more distributorships from other suppliers, which could further justify the setting up thereof;

Our Directors believe that the business opportunities in relation to potential distributorships and customers in Western Peninsular Malaysia as mentioned above, if materialised, will bring about considerable customer demand. By reason of the high utilisation rates of our existing warehouses, the setting up of the New Klang WH will therefore be crucial for accommodating our further intensified need for storage space in order to capture such opportunities.

(E) Other uses of the New Klang WH

The New Klang WH is also expected to facilitate the sales of, and the expansion of customer base for, our frozen fish and seafood products.

As elaborated below in the paragraphs headed "Business strategies – II. Developing the business of our Own Products – (i) Acquiring new processing machines", we intend to acquire a new quick freezing machine which is expected to enable us to take up more substantial orders from new customer categories, such as supermarkets and HORECA. It is our plan that after the frozen fish products are processed at our Kuantan WH (HQ), the New Klang WH will be one of the warehouses to receive the products for cold storage and for subsequent sales to customers in Western Peninsular Malaysia. Given the considerable business opportunity associated with the acquisition of the new quick freezing machine, our Directors believe that our need to substantially increase our designated cold storage capacity is justifiable.

Apart from the above, the New Klang WH is also intended for receiving and storing imported frozen seafood delivered to us from the Klang shipping port in order to distribute the same to customers in Klang, Kuala Lumpur and other neighboring areas. Currently, Kuantan WH (HQ) is the warehouse designated for receiving and storing such imported frozen seafood. Since the New Klang WH is in closer proximity than Kuantan WH (HQ) to the Klang shipping port and to the customers in Western Peninsular Malaysia who would purchase our frozen seafood, our Directors believe that the New Klang WH can enhance operational efficiency, reduce delivery lead time and lower the cost of transportation for sales of frozen seafood in Western Peninsular Malaysia.

The New Klang WH is expected to increase our designated general storage capacity by approximately 2,700 CBM and designated cold storage capacity by 2,700 CBM by 2023. Based on (i) our existing designated storage capacity and storage utilisation rates; (ii) the expected future growth of our business with reference to our historical growth during the Track Record Period; and (iii) the growth of the F&B distribution industry in Malaysia according to the F&S Report, our Directors believe that the warehousing spaces shall be sufficient once the New Klang WH has commenced operation by 2023.

Breakeven and payback periods of the new self-owned warehouse

We expect to use approximately HK$29.6 million (equivalent to approximately RM15.4 million) for the setting up of our new self-owned warehouse, of which approximately HK$22.8 million (equivalent to approximately RM11.9 million) will be funded by the proceeds of the Global Offering which would include (i) estimated costs for the construction of the warehouses and setting up of cold storage facilities of approximately HK$13.2 million (equivalent to approximately RM6.9 million) primarily with reference to quotations obtained by our Group; (ii) estimated costs for purchasing new equipment and machinery for use in the new warehouse of approximately HK$6.0 million (equivalent to approximately RM3.1 million) with reference to quotations obtained by our Group and the historical costs for purchasing such items; and (iii) estimated costs for purchasing more inventory from our suppliers of approximately HK$3.6 million (equivalent to approximately RM1.9 million) with reference to the anticipated orders from customers. Costs of acquiring the land and annual recurring costs are expected to be funded by banking borrowings, internal resources and/or the net cash generated from our operations which is generally in line with our practice for acquiring warehouses during the Track Record Period. It is estimated that, based on our Directors' best estimation in light of the current market conditions, the payback period for the New Klang WH would be not more than approximately five years and that breakeven could be achieved within not more than approximately three months, respectively, upon the commencement of its operation. Such estimations of the breakeven and payback periods for setting up the new self-owned warehouse have taken into consideration a number of factors including, among others: (i) estimated initial amounts for setting up the new warehouse of approximately RM13.5 million; (ii) estimated economic benefit to be generated by the new warehouse based on the historical annual growth rate of Western Peninsular Malaysia; (iii) estimated annual operating costs for the new warehouse of approximately RM3.0 million which was primarily based on (a) estimated annual staff costs to be incurred for recruitment of additional employees for the new warehouse; (b) estimated annual depreciation charges based on estimated capital expenditure for construction of the warehouse premises and purchases of warehousing equipment and machinery; and (c) estimated maintenance costs and other operating expenses with reference to the historical costs incurred during the Track Record Period; (iv) estimated ramp up rate based on the historical statistics of our existing warehouses which commenced operation during the Track Record Period; (v) assumed savings and other economic benefits that could be potentially attained based on the key assumptions mentioned above. As estimated by our Directors, the period from the construction of the new warehouse to the commencement of its operation will take approximately one to one and a half years, taking into account the expected time required for the application for and grant of approval of construction plan by the authorities, the construction process, and the inspection and approval of the constructed warehouse by the authorities. However, the time required for the relevant authorities to grant the said approvals is beyond our control. In relation to the economic benefit to be generated by the new warehouse, our Directors expect that the setting up of the New Klang WH will enable us to generate further revenue. As the high utilisation rates of our self-owned and leased warehouses in Western Peninsular Malaysia during the Track Record Period had limited our growth, we believe that the additional storage capacity of the New Klang WH will allow our Group to capture more business opportunities and generate additional revenue, in particular considering the substantive demand for and use of additional storage capacity in Western Peninsular Malaysia as set forth in detail under paragraphs (D) and (E) above. Furthermore, we will closely monitor our cash flow position to ensure that we have sufficient working capital available to meet the operational needs of the new warehouse.

Hypothetical cost and benefit analysis

Our Directors consider that it is in our interest to set up, rather than lease, the new warehouse using the net proceeds from the Global Offering. The hypothetical cost and benefit analysis of the leasing and buying of the new warehouse is summarised as follows:

		Leasing warehouse *RM'000 approximately*	**Buying warehouse** *RM'000 approximately*
Upfront cost$^{(Note\ 1)}$	*a*	6,848	13,520
Total recurring cost$^{(Note\ 2)}$	*b*	26,700	7,005
Total tax saving$^{(Note\ 3)}$	*c*	(6,408)	(1,681)
Total costs over 20-year period	$d = a + b + c$	$27{,}140^{(i)}$	$18{,}844^{(ii)}$
Assumed saving	$e = (i) - (ii)$		8,296

Notes:

1. "Upfront cost" refers to the estimated construction and/or renovation cost for setting up the new warehouse.

2. "Total recurring cost" refers to either the estimated cost for leasing a warehouse, which is based on the prevailing market rental for warehouses with similar size and location, or the estimated annual interest for buying a warehouse, which is based on the prevailing market interest rate.

3. "Total tax saving" is "Total recurring cost" multiplied by the prevailing standard corporate tax rate in Malaysia.

The above analysis is only a hypothetical analysis based on estimated cash outlays and savings without taking into account non-cash items such as depreciation for illustrative purposes, assuming that a leased warehouse suitable for our operation would be readily available in the market. As storage of our frozen food and most of our dairy products, on which our expansion plans will focus, will require cold storage to maintain food quality and safeness, cold storage facility will be a primary criterion of our new warehouse. However, to the best of the knowledge, information and belief of our Directors and according to the F&S Report, it is difficult to locate a suitable leased warehouse in the market which is equipped with cold storage facilities of a sufficient storage capacity, mainly because warehouses for lease in the market are mainly for general storage only and restriction may be imposed by the landlord in relation to any alteration of warehouse layout which may be required for the installation of cold storage facility. This is consistent with the fact that most of our leased warehouses are not equipped with large cold storage facilities.

Furthermore, the above analysis is unable to take into account certain factors which we consider are in favour of buying a warehouse, in particular the impact from fluctuation in lease costs and failure in lease renewal. If we lease a warehouse, lease costs will be subject to changes upon each renewal of lease agreement, the rate of which is uncertain. Further, in the event we fail to renew a lease for any reasons, (i) operation of the warehouse and logistics might be interrupted due to relocation, (ii) the investment in renovation for the leased warehouse will be forfeited and (iii) additional renovation cost will be required for the new warehouse to which we have to relocate. In contrast, buying a warehouse (i) minimises the risk of any material disruption to our warehouse operations; (ii) avoids the incurring of additional costs for relocation, including the costs for restoring the leased premises and reinstalling necessary equipment and facilities on the new premises, in the event of non-renewal of the lease; and (iii) protects us from any abrupt increase in lease costs upon renewal of leases.

Upgrading our self-owned warehouses with advanced features

In view of our anticipated business growth and the addition of a new warehouse, we expect to experience a significant increase in inventory level, more intensive warehousing activities, and increased consumption of electricity particularly by our cold storage facilities. In view of this, we plan to upgrade our self-owned warehouses with advanced features, according to the following plans:

(i) *Acquisition of handheld computers*: We plan to acquire approximately 60 smart handheld computers for use in our warehouses to improve inventory management and streamline our stocktaking process with the following features:

– collection of data such as quantity, location and status of products, which allows our warehousing personnel to access various product information, such as image, description and weight, thereby reducing the time for locating and retrieving items and facilitate the efficient storage of inventories at the most suitable zone and shelving unit;

– consolidation of data from our warehouses and integration with our ERP system to give us real-time data and statistics about the status of our inventories for procurement and inventory planning; and

(ii) *Installation of solar panels*: As at the Latest Practicable Date, we had installed solar panels at our Kuantan WH (HQ), Puchong WH I and Kota Bharu WH, which are all equipped with cold storage facilities, to conserve energy given the power consumption by the cold storage facilities. We intend to also install solar panels at our Mentakab WH, Seremban WH I, Alor Setar WH, Kuala Terengganu WH I(B), and New Klang WH, after which most of our self-owned warehouses as at 30 April 2022 with cold storage facilities will be partly powered by solar energy. We expect that (a) the solar power generated would lead to an aggregate annual saving of electricity cost of approximately HK$0.8 million[*(Note)*]; (b) the solar panels can provide an alternative source of power and act as a temporary back-up power source, especially for our cold storage facilities, in the event of a power outage and disruptions; (c) we will be able to support our warehouse operation partly with renewable solar energy, thus causing less environmental pollution.

Note: the aggregate annual saving of electricity cost is the sum of the estimate cost saving each year at each of the warehouses at which we propose to install solar panels, respectively calculated from the daily saving of electricity cost derived from (i) the estimate hourly solar power generation (in kilowatt-hour) at each of the above warehouses (which varies according to the number of solar panels that can be installed at such warehouses having regard to their respective layout) multiplied by (ii) 3.5 hours (being the estimate time in a day with sufficient sunlight for the solar panels to generate solar energy up to their capacity), and multiplied by (iii) electricity tariff per kilowatt-hour which would otherwise be incurred. The daily saving of electricity cost is then projected to obtain an annual amount, namely the annual saving of electricity cost.

(ii) Acquiring and upgrading cold and other logistics vehicles

Owing to the temperature-sensitive nature of dairy products and frozen food, we must deliver them to our customers under appropriate storage conditions to maintain their safeness and quality As such, our Directors take a holistic view in the combined contribution of our logistics operations and our warehouses to our business and believe that the success of our business depends, to a large extent, on our ability to readily mobilise a sizeable logistics fleet with the majority being refrigerated vehicles to deliver our products in a timely manner, which is important for us to maintain food safety and quality assurance, particularly for dairy products and frozen food, increase customers' satisfaction levels and sustain our future growth.

As at 30 April 2022, our logistics fleet consisted of a total of over 140 logistics vehicles, of which approximately 100 are refrigerated vehicles. The utilisation rate of our logistics fleets during the Track Record Period was approximately 81.1%, 83.1%, 78.5% and 82.0%, respectively, which was close to being fully utilised and would have direct impact on our ability to take up orders and make timely delivery. Therefore, we intend to purchase 13 new logistics vehicles (including six new refrigerated vehicles) and replace 10 existing logistics vehicles (including five refrigerated vehicles) which have been in use for not less than 15 years.

This strategy is commensurate with our existing business model of relying on our self-operated logistics vehicles. We estimate that the annual savings generated from purchasing the above vehicles as opposed to engaging external transportation service providers would be approximately RM0.7 million (equivalent to approximately HK$1.3 million), which is estimated primarily based on (i) the excess of the estimated annual unit costs for engaging external transportation service providers over the average annual unit operating costs of each of the logistics vehicles, (ii) multiplied by the number of such additional vehicles proposed to be purchased.

(iii) Enhancing our cold chain and other management and information systems

Our Directors believe that advanced, effective and customised information technology systems can improve our operational efficiency, control and reduce operating costs and achieve higher profitability. To support our business expansion, we plan to engage a third-party service provider to customise and install an upgraded ERP system which would contain the following key features:

(i) Compatible and connected with our warehouses with advanced features and the Ordering App by deploying an IoT system to synchronise our data with our warehouses with advanced features and the Ordering App;

(ii) Centralised data and real-time analysis to generate business analytical reports for evaluation of our business strategies and planning; and

(iii) Performing financial analysis and generating forecast reports for our management.

Implementation plan

We expect to apply approximately HK$41.1 million (equivalent to approximately RM21.4 million), representing approximately 47.8% of the net proceeds from the Global Offering, for further enhancing our distribution and sales capabilities by investing in cold chain and other infrastructure.

A detailed breakdown of the costs of implementing the above strategies, with the amount to be incurred over the specified periods, is as follows:

	Implementation activities	FY2022	FY2023	FY2024	Total
		Approximately HK$'000	*Approximately HK$'000*	*Approximately HK$'000*	*Approximately HK$'000*
(i)	**Setting up and upgrade of warehouses**				
	– Setting up New Klang WH	–	22,800	–	22,800
	– Upgrade of warehouses	1,800	4,000	–	5,800
	Sub-total	1,800	26,800	–	28,600
(ii)	**Acquisitions and replacement of vehicles**	2,525	2,400	1,075	6,000
(iii)	**Enhancing our cold chain and other management and information systems**	–	6,500	–	6,500
	Total	4,325	35,700	1,075	41,100

II. Developing the business of our Own Products

We plan to develop the business of our Own Products by (i) purchasing new processing machines for processing our Own-Brand Products and White-Label Products and (ii) conducting marketing and promotional activities of our Own-Brand Products.

(i) Acquiring new processing machines

During the Track Record Period, we had two processing facilities at our Kuantan WH (HQ) and Puchong WH I for carrying out the processing activities mainly including freezing, filling, bottling and labelling of our Own Products. Our processing machines and equipment are mainly used for processing frozen food, salt, honey, sugar, beans, oatmeal, etc. From FY2019 to FY2021, the revenue generated from our Own Products had increased from approximately RM92.5 million for FY2019 to RM125.5 million for FY2021 and increased from approximately RM42.9 million for 4M2021 to approximately RM51.9 million for 4M2022, representing a CAGR of approximately 16.5% and steady growth in demand for our Own Products.

During the Track Record Period, (i) the utilisation rate of our honey processing (having its bottleneck at the bottling and labelling process with the use of honey bottling machine and honey labelling machine) was approximately 75.9%, 85.7%, 110.1% and 122.6%, respectively; (ii) the utilisation rate of our salt processing (having its bottleneck at the filling process with the use of the salt filling machine) was approximately 82.4%, 91.9%, 129.4% and 80.6% (decreased as compared with FY2021 due to recent delay in shipment arrival of raw materials for our salt products from our suppliers), respectively; and (iii) the utilisation rate of our dry food processing (having its bottleneck at the packaging process by manual labour with the assistance of multiple separate machines and equipment) was approximately 94.5%, 94.5%, 124.4% and 126.0%, respectively, which were all close to being fully utilised*(Note)*. In view of this, we plan to purchase eight additional processing machines, including one quick freezing machine for processing frozen fish, one filling machine for processing salt, one bottling machine and one labelling machine for processing honey, and four machines for one packaging production line for processing dry food, such as sugar, beans, oatmeal, etc. The expected average life span of the new processing machines to be acquired is approximately ten years under normal usage and fair wear and tear.

Note: Each of the mentioned utilisation rates is calculated by dividing the actual total processed volume of the relevant machine in the relevant year/period by its annual designated processing capacity of the relevant year/period which is derived from (i) the estimated number of product units processed in a minute, (ii) which is projected to obtain an hourly amount and multiplied by the number of hours for which the relevant machine operates on a day, thus giving a daily designated processing capacity, which is then further projected to obtain an annual amount by (iii) multiplying it by the number of working days of the relevant year/period, resulting in the annual designated processing capacity.

We expect that the new processing machines will enable us to, inter alia, take up more orders, save labour costs and enhance processing efficiency, particulars of which are as follows:

(a) *Taking up more orders*: The quick freezing machine is designated to handle fish products which have to be processed immediately upon their arrival at our processing facility to maintain food hygiene. Our existing quick freezing machine requires more than 10 hours to complete the freezing process of fish products and is of limited processing capacity. Hence, during the Track Record Period, we could only take up orders of a limited size, mainly from school canteens and had to reject some orders of a more substantial size from various other customer categories such as supermarkets and HORECA. After acquiring the new quick freezing machine, which requires an expected processing time of approximately one hour only and has a substantially higher processing capacity, we expect to be able to take up more orders and expand our customer base for our frozen fish products.

(b) *Saving labour costs*: In respect of the machines for dry food packaging, during the Track Record Period, our processing staff packaged dry food mainly manually with the assistance of multiple separate machines and equipment. After acquiring the new machines which centralise the weighing, filling and sealing processes of dry food and reduce the degree of labour input, the level of automation of the dry food packaging process can be enhanced. Assuming that the designed processing capacity of the packaging production line would be fully utilised, there would be hypothetically annual saving of approximately RM0.3 million*(Note)* that could be potentially saved by comparing the anticipated headcount to be deployed by using the proposed new machines compared with that for the current manual operation of the existing machines.

Under the current scale of the operation, the number of labour required in the packaging process is expected to see an approximately 66.7% immediate reduction, from six at present to two after the said acquisition.

(c) *Enhancing processing efficiency*: With the new processing machines to be acquired, the overall production and operational efficiency of our relevant processing activities will improve. We expect that the maximum production capacity of salt, honey, sugar, beans, oatmeal, etc. will on average be increased by approximately 100% after all the processing machines are purchased in 2023 since there will be an additional production line on top of our existing machines for processing honey and salt, and a new production line as mentioned above to replace the existing machines for processing dry food.

Note: After the acquisition of the new dry food packaging machine, we will only require two processing staff to operate it, and the annual designed processing capacity of the new machine is expected to be approximately 2.1 times of our existing processing capacity. If we were to attain such increased processing capacity with our existing machines which require mainly manual operation, approximately 13 processing staff would be required. As such, with the new machine the operation of which requires 11 fewer processing staff (a processing staff member has an estimated average annual salary of approximately RM24,000, inclusive of discretionary bonuses and employees provident fund contributions, by the time the new dry food packaging machine is put into use), the annual saving of labour costs in connection therewith is expected to amount to approximately RM0.3 million.

The new processing machines to be acquired will be used for processing our White-Label Products in addition to our Own-Brand Products. According to F&S, there has been a trend of white-label products in the Malaysia F&B industry and F&B distribution industry, and traditional retailers such as hypermarkets and supermarkets are seeking suppliers which can provide white-label products in order to differentiate these retailers' offerings and enhance their profitability due to the generally higher profit margin of white-label products as compared with renowned third-party brand products. In addition, during the Track Record Period, we had provided our White-Label honey products to our customers as their OEM supplier and they sold the products as their own brand products. We believe that there will continue to be customer demand for such OEM arrangements in the future, considering that customers' sales under this OEM arrangement will likely remain their source of revenue with a generally higher profit margin than their sale of third-party products owing to generally lower costs of White-Label Products as compared with third-party brand products in the market, according to the understanding and belief of our Directors.

(ii) Conducting marketing and promotional activities for our Own-Brand Products

Our Own-Brand Sales business has seen a stable growth over the years. From FY2019 to FY2021, our revenue generated from sales of our Own-Brand Products has gradually increased from approximately RM51.6 million for FY2019 to approximately RM86.3 million for FY2021 representing a CAGR of approximately 29.3%. Moreover, such increase in revenue generated from sales of our Own-Brand Products for FY2020 and FY2021 (as compared to FY2019 and FY2020, respectively) accounted for approximately 25.1% and 17.1% of our total increase in revenue, respectively. Gross profit generated from our Own-Brand Products also recorded a steady growth during the Track Record Period, amounting to approximately RM12.0 million, RM17.6 million, RM23.5 million and RM8.9 million, respectively. Furthermore, according to the F&S Report, (i) with some F&B distributors starting to develop their own-brand products, the own-brand products sector in Malaysia is representing an upward trend; (ii) the market size by revenue of the F&B distribution industry for own-brand products sector in Malaysia grew from approximately RM1.5 billion in 2017 to approximately RM2.1 billion in 2021, with a CAGR of approximately 8.1%; (iii) it is forecasted that such market size will reach approximately RM3.1 billion by 2026, showing a CAGR of approximately 8.4% from 2022; and (iv) the proportion of own-brand products in the overall F&B distribution market in Malaysia is likely to reach approximately 9.3% by 2026. In light of the above, our Directors believe there would be sufficient demand and growth potential for our Own-Brand Products.

During the Track Record Period, our marketing and advertising expenses and related staff costs incurred amounted to approximately RM16.5 million, RM21.3 million, RM24.4 million and RM8.1 million, respectively. In order to reach out to more customers and to strengthen the brand recognition of our Own-Brand Products, we intend to further deploy a variety of marketing campaigns in Malaysia, such as:

(a) *Media marketing*: Placing advertisements on traditional media such as in-store promotion, outdoor and public transport advertising and billboards; placing advertisements on social media platforms and engaging key opinion leaders to promote our products; and

(b) *Point of sales materials ("**POSM**") and promotional events*: Placing eye-catching advertising materials and display on the premises of our customers to communicate product information, such as block display, gondola-end display, posters, danglers, standees, flags and decorations, etc.; encouraging end consumers to purchase our Own-Brand Products by giving away free gifts such as kitchen utensils on purchases over a certain amount; holding promotional events for end consumers who purchase our Own-Brand Products, such as lucky draws or similar contests to win different prizes.

We intend to deploy the above marketing campaigns mainly to promote our Own-Brand Products under *CED* and *Sayangku* . During the Track Record Period, (i) revenue generated from *CED* amounted to approximately RM14.6 million, RM20.9 million, RM32.9 million and RM11.9 million, at a CAGR of approximately 50.1% and a growth of 17.7% for 4M2022 compared with 4M2021, representing approximately 28.4%, 30.5%, 38.1% and 37.4% of our total revenue generated from sales of Own-Brand Products, respectively; and (ii) revenue generated from *Sayangku* amounted to approximately RM2.4 million, RM4.7 million, RM6.6 million and RM3.1 million, representing approximately 4.7%, 6.9%, 7.6% and 9.8% of our total revenue generated from sales of Own-Brand Products, respectively. We intend to continue to allocate more resources to develop *CED* , which had been one of our major brands throughout the Track Record Period generating substantial revenue with considerable growth. Meanwhile, we also deem it favourable for us to promote *Sayangku* , our Own Brand offering pet care products. According to the F&S report, the market size by revenue of pet care products distribution market in Malaysia grew at a CAGR of approximately 8.0% from approximately RM283.2 million in 2017 to approximately RM385.9 million in 2021, and is expected to increase from approximately RM420.6 million in 2022 to approximately RM576.0 million by 2026, representing a CAGR of approximately 8.2%. To secure more customers who purchase our *Sayangku* branded products, we will consider to (i) designate a *Sayangku* promotion team to specifically take charge of the execution of the aforementioned marketing campaigns in relation to *Sayangku* and coordinate with our sales team to approach existing and new customers; and (ii) promote *Sayangku* by placing it as our recommended products on our proposed Ordering App (as defined below). Based on (i) the CAGR in revenue of *Sayangku* of approximately 65.8% from FY2019 to FY2021; (ii) the expected growth of the Malaysia pet care product distribution market (iii) the proposed marketing campaigns to be conducted for *Sayangku* ; and (iv) the measures for identifying and securing customers for *Sayangku* as set out above, we believe that *Sayangku* would have significant growth potential.

Implementation plan

The estimated total investment costs are (i) approximately HK$8.0 million (equivalent to approximately RM4.2 million), representing approximately 9.3% of the net proceeds from the Global Offering for acquiring new processing machines; and (ii) approximately HK$7.5 million (equivalent to approximately RM3.9 million), representing approximately 8.7% of the net proceeds from the Global Offering for conducting marketing and promotional activities, particulars of which are as follows:

Implementation activities	Unit	FY2022	FY2023	FY2024	Total
		Approximately HK$'000	*Approximately HK$'000*	*Approximately HK$'000*	*Approximately HK$'000*
Purchase of machines and equipment	8	6,300	1,700	–	8,000
Marketing and promotional activities					
– Media marketing		1,000	1,300	1,400	3,700
– POSM and promotional events		500	1,600	1,700	3,800
Sub-total		1,500	2,900	3,100	7,500
Total		7,800	4,600	3,100	15,500

III. Developing e-commerce business by launching a mobile application

We believe that with the popularisation of technology, e-commerce should no longer be exclusively for retail customers but should also cater to corporate customers, and there is an increasing need for a more efficient ordering platform for our corporate customers. Owing to our large and diverse customer base with more than 11,000 active customers, we receive and process a large number of orders from various types of customers every day. Also, due to our historical business growth during the Track Record Period, particularly amid the outbreak of the COVID-19 pandemic, we would generally be required to process and manage a high volume of orders and replenishment requests from a large number of customers across Peninsular Malaysia for a wide variety of products with over 4,000 SKUs in a frequent and timely manner. Currently, our customers generally place orders with our sales team, which is potentially prone to miscommunication, requires more labour input and is generally less efficient. According to the F&S Report, there is a rising trend for leading market players in the F&B distribution industry in Malaysia (one of which being a listed Malaysian company which specialises in distributing consumer goods and healthcare and performance products) to introduce a business-to-business mobile application via which corporate customers can place orders and make payment, in order to enhance operational efficiency and customer experience. To streamline the ordering process and in line with the market trend, we plan to develop our e-commerce operations by engaging a third party service provider to design and customise a mobile application ("**Ordering App**") for us. Our Directors also believe that the Ordering App will create a more convenient and pleasant purchasing experience for customers and allow customers to make orders ahead of business hours, with the following main features:

(i) *Centralised database and synchronising systems:* The Ordering App will consolidate all purchasing information, ordering history and customers' products preferences into a centralised database using a back-end system, and generate reports for management's and also our suppliers' reference; the database will be synchronised with and compatible with our ERP system for timely preparation and delivery by our relevant personnel;

(ii) *Online payment:* The Ordering App will allow online payment and automatically generate invoices and receipts, in order to reduce late payments, bad debts and cash flow mismatch; and

(iii) *Online marketing:* We can promote specific products on the Ordering App by recommending these items on the main page.

Since the Ordering App is expected to be synchronised and compatible with our ERP system, our Directors believe that the Ordering App will enhance the efficiency of our overall operation, considering the following factors:

(i) *Timely ordering instructions.* Currently, when we receive orders from customers through traditional means, our personnel will input the information of the orders into our ERP system, after which our warehouse staff can retrieve the information and prepare for delivery. This practice is prone to misunderstanding and a certain period of delay. With the Ordering App, our relevant departments will be immediately notified and receive records of the latest purchase orders for timely processing and delivery, which can minimise internal miscommunication and delivery lead time. This allows our warehouse staff to attend to purchase orders, our logistics team to respond and make delivery arrangement, our procurement team to be notified of the reduction of inventory level and our sales and marketing team to monitor customer preference and trend, all in a more efficient manner.

(ii) *Updating inventory and delivery status.* We will be able to keep our customers up-to-date of the inventory and delivery status once the information on the ERP system is available to the Ordering App. Customers will no longer be required to use traditional methods only, such as calling or texting, to contact our staff for delivery progress, as notifications will be sent when there is a change in the ordering status (such as order confirmation, product dispatch and arrival). We expect that this could effectively save our time and resources spent on answering customers' routine queries about such information.

(iii) *Enhanced communication.* As the information is shared between the ERP system and the Ordering App and runs between us and our customers, after synchronisation of the two systems, information about purchase orders and our service arrangements will be more accessible to our customers and they in turn can keep us informed of any service issues, which enables us to resolve misunderstandings before escalation of disputes, thus improving overall operational efficiency and fostering better business relationships with our customers.

According to the F&S Report, retailers such as hypermarkets and supermarkets have displayed an increasing reliance on business-to-business mobile ordering applications to purchase products, instead of relying on sales staff to assist them. Therefore, our Directors consider that it would be against the market trend as mentioned above in relation to the use of mobile ordering application by leading market players if we do not develop and introduce the Ordering App, which may reduce our competitiveness in the market especially when convenience, ease and swiftness of ordering gradually become more important factors in our customers' selection of suppliers of F&B products.

The Ordering App is expected to be launched and put into use by the fourth quarter of FY2023.

Based on the preliminary quotations obtained by us, the cost of engaging a third party service provider to develop the Ordering App would be approximately HK$6.1 million (equivalent to approximately RM3.2 million and we expect to apply approximately HK$6.0 million (equivalent to approximately RM3.1 million), representing approximately 7.0% of the net proceeds from the Global Offering, to this strategy. The remaining amount of the said cost and the annual maintenance cost of the system are expected to be funded by our internal resources.

IV. Strategic acquisitions and investments along our supply value chain

In view of the expected growth in the F&B distribution industry in Malaysia, we plan to continue to expand our business and explore potential business opportunities by acquiring majority or entire shareholding of, or investing in, local company(ies) or acquiring business(es) in the F&B supply value chain, including horizontal and vertical acquisitions and investments. Based on our industry experience, we will carefully consider and evaluate each potential target with the main considerations on strategic fit, ease of integration and financial targets. In particular, we seek potential acquisition or investment opportunities and select potential targets based on a number of selection criteria, such as:

(i) *Business focus*: For horizontal acquisition and investment, we mainly look for distributors that offer us an opportunity to undertake new F&B distributorships which they have secured to enrich our brand and/or product portfolio. For vertical acquisition and investment, we mainly look for companies or businesses along the F&B supply value chain (including manufacturers, brand owners, wholesalers, etc., being the upstream and downstream operators of our Group), in particular brand owners and OEM suppliers which may be incorporated into our Own-Product Sales business;

(ii) *Existing customer and supplier base*: We target companies or businesses with established customer and supplier base as evidenced by long-term agreements and/or business relationship with their suppliers and customers. For horizontal acquisition and investment, we intend to look for targets especially with recognised suppliers and customers, such as international brand owners and large-scale retail chains. For vertical acquisition and investment, we intend to look for targets, mainly brand owners and OEM suppliers, which offer popular products and/or have a great variety of product types or new products in their offerings. We expect that companies or businesses which fulfill this criterion can commence or continue its business operations shortly upon successful acquisition or investment, which we consider to be cost-effective;

(iii) *Target size and scale of operation*: We primarily look for established medium-sized companies or businesses with an operating track record of approximately five years or above which have the potential for future growth with an expected annual revenue of approximately RM21 million (equivalent to approximately HK$40 million) or above and net profit margin above 3%;

(iv) *Established reputation*: For the purpose of assessing the reputation of the targets, we intend to conduct a range of background checks in the course of the due diligence exercises, such as credit check, litigation search and media search, which, if practicable, will also extend to the senior management members and shareholders of the targets. Furthermore, where practicable, we plan to conduct interviews with the suppliers and customers of the target companies during our due diligence exercises to assess their business relationship. In doing so, we would be particularly on alert against any complaints by or disputes with such suppliers and customers which would affect the continuity of the targets' business cooperation with them;

(v) *Target geographic location*: For horizontal acquisition and investment, we plan to explore targets mainly in locations in Western and Eastern Peninsular Malaysia. If we acquire distributor(s) in the above regions with existing customer base, we can expand our distribution channel and establish a more complete business presence across Peninsular Malaysia; and

(vi) *Cross-business opportunities*: Having targeted companies or businesses with existing customer and supplier base, we would also consider whether acquisition of or investment in such targets can present cross-business opportunities, whereby (i) for horizontal acquisition and investment, we may sell our products to their customers and vice versa and may also secure distributorship of the products supplied by their suppliers beyond the original distribution area served by the target companies or businesses, and (ii) for vertical acquisition and investment, we may sell our products, including our Own Products, to the customers of the targets and secure supplies of raw materials from their suppliers.

We expect that our strategic acquisitions and investments would have a favourable impact on our financial performance. Having leveraged our deep market insights and over long years of experience in the F&B distribution industry in Malaysia with a large and extensive network of market practitioners covering international and domestic brand owners, retail chain stores, F&B customers and suppliers, we believe we can identify targets that are able to contribute positively to our business, financial conditions and results of operations.

We note that at this stage it is uncertain as to the number of suitable targets available in the market which meet our selection criteria as mentioned above, considering that (i) the private information of a company, such as the number of customers and suppliers, is not available to us before the due diligence practices to be conducted by us during our negotiation with a target company; and (ii) we intend to adopt a holistic selection approach under which if a company fails to meet one criterion, it may still be regarded as a suitable target if it fulfils other criteria to our satisfaction. Nevertheless, as a general indication of the availability of potential targets in the market, there were approximately 85 to 170 F&B distributors in Western and Eastern Peninsular Malaysia in 2020, according to the F&S Report.

We consider that it will be feasible for our Group to identify suitable target companies in the market. According to the F&S Report, the F&B distribution industry in Malaysia is expected to have an acceleration in mergers and acquisitions in the future and will go through a period of consolidation in the coming years. Many Malaysia leading F&B distributors have carried out some mergers and acquisitions activities with both upstream and downstream companies. As such, we believe the practice of acquisition and investment is not uncommon in the Malaysia market and we do not foresee any material difficulty in looking for potential target companies. To facilitate the identification of targets, (i) we intend to designate a team comprising our senior management members as the task force to oversee the implementation of the acquisition and investment plan; (ii) our personnel, especially those who have first-hand information of and are more familiar with the market players, will be instructed to identify potential targets in the market which may meet our selection criteria; and (iii) our executive Directors may also identify potential targets with their personal connection and industry experience and will serve as the panel to review the suitability of a target company before embarking on negotiation.

We expect to commence the process of identifying targets for acquisition or investment and negotiation with them in first quarter of 2023 followed by a series of feasibility studies and due diligence exercises subject to the identification of suitable targets. If we are satisfied with the evaluation results, we target to acquire or invest in a maximum of two of such target companies or businesses with an indicative average investment size for each target of approximately HK$8 million and up to HK$16 million, having primarily taken into account our financial targets and expected market valuation of notable and other comparable acquisition in Malaysia. Please refer to some examples of such notable transactions in the paragraphs headed "Industry Overview – Overview of the food and beverage distribution industry in Malaysia – Developing trends of the food and beverage distribution industry in Malaysia – iii) increasing industry consolidation" in this prospectus. As at the Latest Practicable Date, we had not identified any potential targets.

Due to a number of uncertainties out of our control, there is no guarantee that we can acquire or invest in any of our potential targets. Our management may also consider it advisable to adjust our strategies, plans or targets in response to any economic, political, regulatory, market or other commercially significant factors in the future.

To pursue this strategy, we expect to apply approximately HK$14.8 million (equivalent to approximately RM7.7 million), representing approximately 17.2% of the net proceeds from the Global Offering. If the cost of our proposed acquisition or investment exceeds the amount of the net proceeds we propose to apply, we intend to settle the remaining amount of such cost with other sources of fund, such as our internal resources and/or bank borrowings.

OUR PRODUCTS

We have always been keen on building a diversified product portfolio through a meticulous selection process. Our Directors believe that our ability to offer products of different types, qualities and prices, coupled with our strategy to regularly introduce new products that meet the constantly changing market trend and consumers' preferences, are indispensable to our success in the F&B distribution industry.

During the Track Record Period, the products sold by our Group were more than 4,000 SKUs that can be broadly categorised into (i) dairy products, (ii) frozen food, (iii) packaged food and commodities, (iv) sauce, oil and condiments, (v) beverages and (vi) specialty products, complemented by other non-F&B products, including (i) personal and baby care products, (ii) pet care products and (iii) cleaning and kitchen supplies.

The following table sets forth the breakdown of our revenue by our major product category during the Track Record Period:

	FY2019 Revenue		FY2020 Revenue		FY2021 Revenue		4M2021 Revenue		4M2022 Revenue	
	RM'000 approximately	*Over total revenue %*	*RM'000 approximately*	*Over total revenue %*	*RM'000 approximately*	*Over total revenue %*	*RM'000 approximately*	*Over total revenue %*	*RM'000 approximately*	*Over total revenue %*
F&B										
Dairy products[1]	151,575	30.5	170,472	30.2	188,894	28.2	60,114	27.7	67,442	25.3
Frozen food[2]	126,720	25.5	132,074	23.4	147,969	22.1	52,332	24.1	63,840	23.9
Packaged food and commodities[3]	62,250	12.5	71,529	12.7	87,387	13.1	26,845	12.4	34,036	12.8
Sauce, oil and condiment[4]	55,792	11.2	60,149	10.6	70,660	10.5	23,400	10.8	33,758	12.7
Beverages[5]	39,918	8.0	42,277	7.5	64,822	9.7	19,812	9.1	27,598	10.3
Specialty products[6]	14,896	3.0	21,251	3.8	33,156	5.0	10,212	4.7	12,035	4.5
Sub-total of F&B products	451,151	90.7	497,752	88.2	592,888	88.6	192,715	88.8	238,709	89.5
Non-F&B										
Personal and baby care products[7]	22,866	4.6	26,399	4.7	30,023	4.5	9,873	4.5	12,458	4.7
Pet care	3,461	0.7	5,943	1.0	7,765	1.2	2,491	1.2	3,737	1.4
Cleaning and kitchen supplies[8]	13,770	2.8	23,285	4.1	27,488	4.1	8,911	4.1	8,819	3.3
Sub-total of Non-F&B products	40,097	8.1	55,627	9.8	65,276	9.8	21,275	9.8	25,014	9.4
Sub-Total	491,248	98.8	553,379	98.0	658,164	98.4	213,990	98.6	263,723	98.9
Logistics and other services	6,187	1.2	11,253	2.0	10,574	1.6	3,065	1.4	2,929	1.1
Total/overall	497,435	100.0	564,632	100.0	668,738	100.0	217,055	100.0	266,652	100.0

Notes:

1. The dairy products sold by us include ice-cream, milk and cheese.

2. The frozen food sold by us includes frozen seafood, frozen meat and frozen french fries.

3. The packaged food and commodities sold by us include rice and cereal, canned food and snacks.

4. The sauce, oil and condiment sold by us include cooking ingredients, baking and dessert ingredients and honey.

5. The beverages sold by us include various flavoured and carbonated drinks, bottled mineral water and juices.

6. The specialty products sold by us include organic beans, organic sugar, natural salt and pure honey under our Own Brands.

7. The personal and baby care products sold by us include various skincare, hair care and oral care products.

8. The cleaning and kitchen supplies include non-F&B products such as household bleach and kitchen towels.

9. Remaining revenue are logistics and other services.

During the Track Record Period, our brand portfolio had approximately 140 international brands, approximately 80 domestic brands and five major Own Brands. During the Track Record Period, all our Third-Party Brand Products, Own-Brand Products and White-Label Products had been distributed and sold by us in Malaysia only.

Number of SKUs of Third-Party Brands Products and our Own Products

During the Track Record Period, the respective number of SKUs of our Third-Party Brand Products, Own-Brand Products and White-Label Products is as follows:

Product categories	**Number of SKUs** *(more than approximately)*			
Active SKUs	**FY2019**	**FY2020**	**FY2021**	**4M2022**
Third-Party Brand Products	3,900	4,300	5,100	4,300
Own-Brand Products	180	180	190	170
White-Label Products	240	260	250	200

Top brands and principal products

Set out below are the particulars of some of the principal branded products we distribute:

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
			months	
	approximately	*approximately*	*approximately*	*RM*
(i) F&B products				
(a) Dairy products • Ice-cream • Milk Powder • Cheese	390	35 brands comprising of: – 34 Third-Party Brands – 1 Own-Brand	up to 24	3.7

Key brands

Third-Party Brands

A spreads and margarine brand.

A British ice-cream and frozen dessert brand.

A New Zealand brand, offers mainly nutritional dairy products.

Own-Brand

Mega Food offers dairy products

MEGA

Sample products

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
(b) Frozen food • Frozen meat • Frozen nuggets • Frozen spring rolls	970	33 brands comprising of: – 32 Third-Party Brands – 1 Own-Brand	up to 36	6.7

Key brands

Third-Party Brands

Own-Brand

Mega Fresh offers frozen food

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
	approximately	*approximately*	*months approximately*	*RM*

An India brand, offers mainly frozen meat, coffee, spices and cereals.

A Malaysian frozen and fast-food brand, mainly offers burgers, nuggets, sausages and french fries.

A Malaysia brand, mainly offers frozen pastry skin.

Our Own-Brand offering frozen food and vegetables

Sample products



Major product category	Number of SKU	Number of brands	Shelf life	Approximate ASP
(c) **Packaged food and commodities**	1,020	75 Third-Party Brands	up to 24	2.1

- biscuits
- crisps
- candies
- chocolate
- canned food (such as canned fish, vegetables, meat and fruits)

Key brands

Third-Party Brands

Cadbury: A British confectionery brand, offers mainly chocolate bars.

Chipsmore: A Malaysian brand, offers mainly chocolate chip cookies.

Jacob's: An American brand, offers mainly crackers.

Oreo: An American brand offering sandwich cookie.

Toblerone: A Swiss brand, offers mainly chocolate bar.

Sample products

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
			months	
	approximately	*approximately*	*approximately*	*RM*
(d) **Sauce, condiments and edible oils** • honey • cooking sauce • salad dressing • various food seasoning ingredients • cooking oils • margarine	600	70 Third-Party Brands	up to 36	5.7

Key brands

Third-Party Brands

Ajinomoto: A Japanese brand, offers mainly seasonings, cooking oils, frozen foods, beverage and sweeteners.	*AB Mauri:* An American brand, offers mainly yeast and bakery ingredient products.	A Malaysian brand, offers mainly various cooking ingredients and coconut products.	A brand for soya sauce and sauces

Sample products

Major product category	Number of SKU[Note]	Number of brands	Shelf life	Approximate ASP[Note]
	approximately	*approximately*	*months approximately*	*RM*
(e) **Beverages** • various flavoured, carbonated drinks • chocolate drinks • bottled mineral water • juice	520	50 Third-Party Brands	up to 24	2.1

Key brands

Third-Party Brands

An Australian brand, offers mainly craft brewed soft drinks.	A Singapore brand, offers a wide range of beverage & food products.	An American brand, offers mainly fruit-based beverages.	A Japanese brand, offers mainly canned coffee.	A British brand, offers mainly blackcurrant-based soft drinks and fruit drink concentrate.

Sample products

Major product category	Number of SKU[Note]	Number of brands	Shelf life	Approximate ASP[Note]
(f) **Specialty products** • honey • salt • sugar • peanut butter	90	2 Own-Brand *CED* offers specialty products, such as honey, oatmeal, salt, beans, sugar and peanut butter.	up to 24	5.3

Sample products

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
			months	
	approximately	*approximately*	*approximately*	*RM*
(ii) Non-F&B products				
(a) Personal and baby care products • various skincare, hair care and oral care products • disposable diapers • baby oil, lotion and powder	1,340	23 Third-Party Brands	up to 36	10.4

Key brands

Third-Party Brands

L'Oreal: A French brand, offers mainly personal care products.

Garnier: A French brand, offers mainly hair care and skin care products.

An American brand of disposable diapers and baby wipes.

An American brand, offers mainly menstrual hygiene products.

Sample products


Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
(b) Pet care products • Cat food and other pet care products	10	3 brands comprising of: – 2 Own-Brands – 1 Third-Party Brand	up to 24	6.5

Key brands

Own-Brands

Sayangku offers cat food.

SNOWCAT

Snowcat offers cat food.

Major product category	Number of SKU(Note)	Number of brands	Shelf life	Approximate ASP(Note)
	approximately	*approximately*	*months approximately*	*RM*
(c) Others				
• Cleaning and kitchen supplies products, such as – pest control products – cleaning agents – Air freshener	620	32 Third-Party Brands	up to 36	7.5

Key brands

Third-Party Brands

An American brand, offers mainly cleaning and kitchen supplies.	An American brand, offers mainly kitchen towels.	An American brand offers mainly insecticide product.	An American brand of air fresheners

Sample products

Note: Number of SKU reflects the SKU number for each major product category for FY2021. ASP reflects the average selling price in FY2021 for the relevant product categories.

During the Track Record Period, four of our customers engaged us as their OEM supplier to sell our organic honey under their brands across Malaysia. These customers principally operate a supermarket business. After sourcing the honey from our supplier, we process, package and label such products not only under one of our Own Brands, *CED*, but also under the trademarks and brand names of our customers, which are primarily recognised retail chains. Since our customers are purchasing honey from both under our Own Brands and theirs, such OEM arrangements increases our sales of honey. We apply and exercise the same food safety and quality assurance measures on these products as we would for our own brands. During the Track Record Period, our sales as an OEM supplier to these customers accounted for approximately 0.2%, 0.2%, 0.1% and 0.1%, respectively, of our total revenue.

Price Control

In Malaysia, certain products are subject to price control, details of which are set forth in the paragraphs headed "Regulatory overview - Laws and regulation relating to consumer protection" in this prospectus. However, as our Group is selling the cooking oil as a distributor based on the price range recommended by the supplier, therefore the sale price of the cooking oil by our Group is not subject to price control as the price control for pure palm cooking oil pursuant to Price Control and Anti-Profiteering (Determination of Maximum Price) (No. 6) Order 2021 is imposed on the retail price. During the Track Record Period, our revenue generated from the sales of cooking oil products amounted to approximately RM0.3 million, RM0.3 million, RM0.5 million and RM0.1 million respectively, representing only approximately 0.06%, 0.05%, 0.07% and 0.05% of our total revenue during the same period. As such, our Directors believe that the price control laws and regulations on cooking oil products do not have any material direct impact on our Group's operation or financial performance.

Measures to avoid excessive competition and cannibalisation

In order to enhance our brand diversity and offer more choices to our customers, we adopt a multi-brand strategy, with a mix of diversified product offering during the Track Record Period. As a result, some of our products are available under different brands in our brand portfolio.

During the Track Record Period, in relation to similar F&B products available under both our Own Products and Third-Party Brands, (i) our revenue generated from those offered as our Own Products amounted to approximately RM32.1 million, RM41.3 million, RM48.0 million and RM17.3 million, representing 6.5%, 7.3%, 7.2% and 6.5% of our total revenue, respectively; and (ii) our revenue generated from those under Third-Party Brands amounted to approximately RM6.4 million, RM6.6 million, RM7.3 million and RM2.6 million, representing 1.3%, 1.2%, 1.1% and 1.0% of our total revenue, respectively. During the Track Record Period, in relation to similar non-F&B products available under both our Own Products and Third-Party Brands, (i) our revenue generated from those offered as our Own Products amounted to approximately RM1.0 million, RM1.8 million, RM2.6 million and RM1.2 million, representing 0.2%, 0.3%, 0.4% and 0.4% of our total revenue, respectively; and (ii) our revenue generated from those under Third-Party Brand amounted to approximately RM16,000, RM12,000, nil and nil, respectively, representing a minimal part of our total revenue.

Our Directors are aware that any product overlap may give rise to an inherent risk of excessive competition and potential cannibalisation amongst the brands. Nevertheless, we are of the view that such risk would not be material due to the following reasons:

(i) *Sufficient market demand for F&B products*. Our Directors believe that owing to the nature and business model of the F&B industry, the overlapping of products offered by different brands is inevitable and can be compensated given the substantial market demand. The market size by revenue of the F&B market in Malaysia increased from approximately RM49.4 billion in 2017 to approximately RM59.4 billion in 2021, representing a CAGR of approximately 4.7%, and it is expected to grow steadily from RM62.7 billion in 2022 to RM76.9 billion by 2026, representing a CAGR of approximately 5.2%, according to the F&S Report. Given the expected market growth, our Directors believe that there will be sufficient market demand for the same product under different brands even if there exists limited product overlap.

(ii) *Industry trend of F&B distributors in Malaysia in offering Own-Brand Products*. Some of our products are available under both Third-Party Brands and our Own Brands. According to the F&S Report, there is a rising trend for the F&B distributors in the Malaysia F&B distribution industry to offer products under their Own Brands in addition to Third-Party Brand Products to differentiate themselves from other competitors and strengthen their brand reputation. The market size by revenue of the F&B distribution industry for Own-Brand Products sector grew from approximately RM1.5 billion in 2017 to approximately RM2.1 billion in 2021, with a CAGR of 8.1%, and it is forecasted that such market size will reach approximately RM3.1 billion by 2026, representing a CAGR of approximately 8.4% from 2022, according to F&S Report. In view of the above, our Directors believe that it is not uncommon for F&B distributors to develop and sell their Own-Brand Products in addition to Third-Party Brand Products.

(iii) *Different target consumers and positioning*. Our Directors believe that although the same products may be offered by different brands, including different Third-Party Brands and our Own Brands, they may differ in various aspects including pricing, flavors, formulation, nutrition, packaging, size and portion and other special features (organic, natural, pure, etc.), and hence have different target consumers and market positioning. We believe that it is not unusual for consumers to purchase products under the same product type but different brands at the same time or on different occasions. Accordingly, the existence of similar product types under different brands as a result of our expansion of brand and product portfolios to include more brands and products may not necessarily lead to excessive competition and may in fact enable us to expand our market share and penetration.

(iv) *No apparent adverse impact on financial performance of different products under Third-Party Brands and our Own Brands*. During the Track Record Period, we were not aware of any material incidents where any product overlap between Third-Party Brands and our Own Brands had given rise to excessive competition and cannibalisation. In fact, both our Third-Party Brand Distribution business and Own-Product Sales business recorded substantial and stable growth in revenue from FY2019 to FY2021, with a CAGR of approximately 15.6% and 16.5%, respectively.

Notwithstanding the above, we will perform the following measures to minimise the risk of excessive competition and potential cannibalization among different brands:

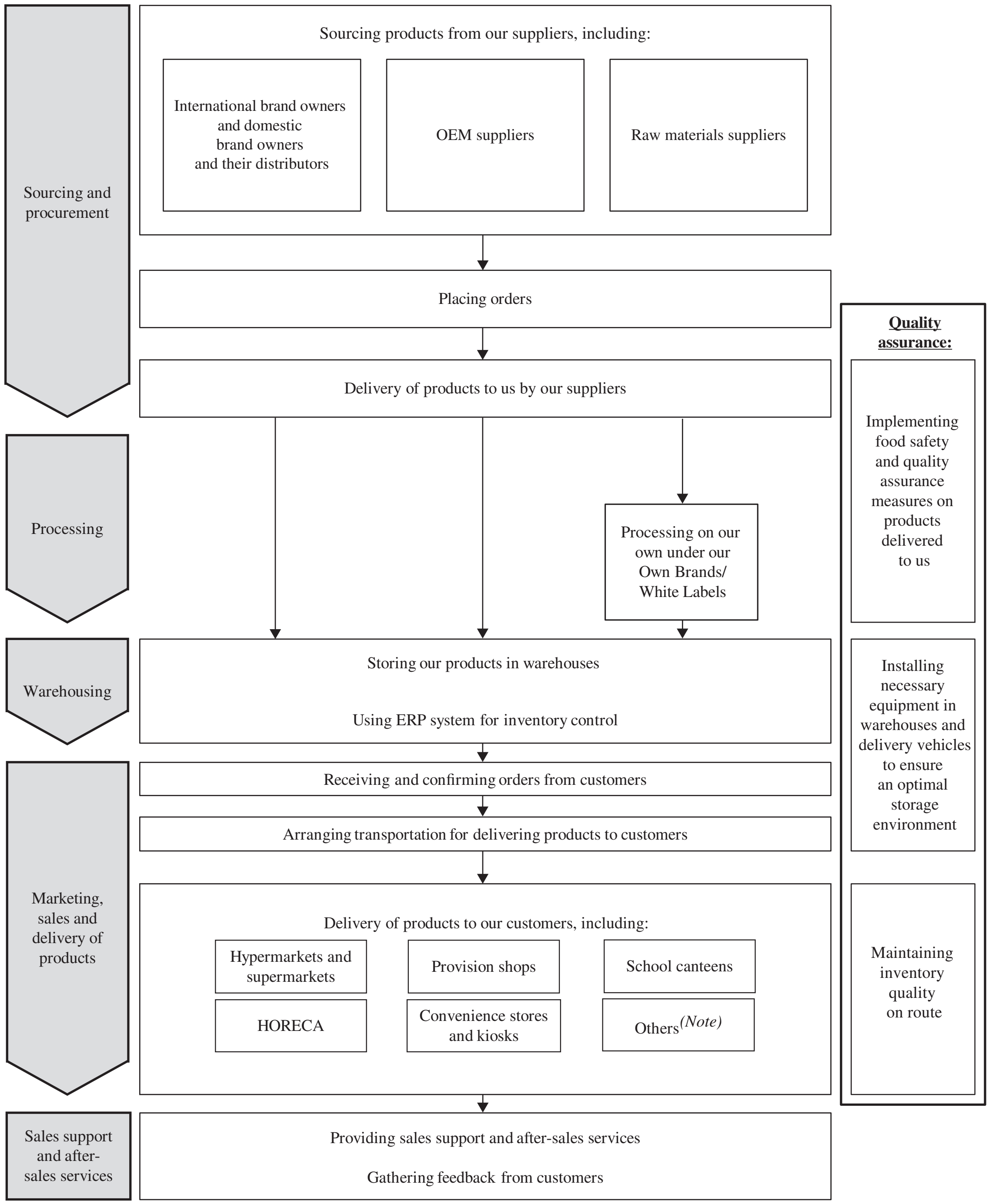
(i) *Continuous monitoring of our inventories*. We continuously monitor the sales performance and inventory levels of our products to keep track on any potential cannibalisation or excessive competition among these products. Any material fluctuations will be discussed and reviewed with our management team at regular internal meetings to consider any course of action. Upon discovery of such risk, we will carry out relevant analysis and adjust our strategies to mitigate the risk.

(ii) *Exercising due care in selection of products*. We would exercise due care in product selection and explore those which are different from our then existing products in terms of their nature and price range to avoid excessive competition.

(iii) *Maintaining close contact with suppliers*. We will maintain regular and close contact with our suppliers in relation to the sales performance of the products supplied by them and whether they have any observations or concerns over potential competition and cannibalisation among their products and other products in our portfolio.

In view of the above measures, our Directors believe that the risk of excessive competition or potential cannibalisation is duly mitigated and thus extremely remote. During the Track Record Period, there were no complaint, legal proceedings or threatened legal proceedings brought by our suppliers against our Group regarding competition or breach of any supply agreements.

The following sets forth our Group's operational flow:



Note: Other customers include pharmacies, book stores and pet shops.

OUR CUSTOMERS

During the Track Record Period, we served more than 13,000 customers, of which 11,000 were active customers in Malaysia (which had placed orders with us during the respective years in the Track Record Period) which varied in size, business nature and model, with a focus on well-established retail chains, including (i) hypermarkets and supermarkets including *Nirwana, TF Value-Mart, BS Group and Sabasun*, (ii) provision shops and (iii) convenience stores and kiosks. Besides, we also provide our products to other customers, namely (i) F&B dealers and merchandisers, (ii) school canteens, (iii) HORECA that engage in food service industry and (iv) others. To illustrate our high customer retention rate, revenue generated from repeat customer accounts contributed over 90% of our total revenue for FY2019, FY2020 and FY2021.

The table below sets out a breakdown of our revenue generated from our business (including revenue generated from logistics and others) by our major customer type during the Track Record Period:

Customer Types	FY2019 Revenue		FY2020 Revenue		FY2021 Revenue		4M2021 Revenue		4M2022 Revenue	
	RM'000 (approximately)	*%*	*RM'000 (approximately)*	*%*	*RM'000 (approximately)*	*%*	*RM'000 (approximately)*	*%*	*RM'000 (approximately)*	*%*
Retail chains and channels										
Hypermarkets and supermarkets	258,853	52.0	292,537	51.8	347,157	51.9	114,706	52.8	140,936	52.9
Provision shops *(Note 1)*	85,000	17.1	106,352	18.9	136,570	20.4	41,253	19.0	49,739	18.6
Convenience stores and kiosks	33,601	6.8	34,736	6.2	35,856	5.4	11,409	5.3	13,323	5.0
Subtotal	377,454	75.9	433,625	76.9	519,583	77.7	167,368	77.1	203,998	76.5
F&B dealers and merchandisers	64,610	13.0	78,550	13.9	89,995	13.5	31,312	14.4	37,521	14.1
HORECA	13,996	2.8	10,399	1.8	12,132	1.8	3,825	1.8	6,754	2.5
School canteens	15,367	3.1	9,284	1.6	5,314	0.8	2,305	1.1	3,222	1.2
Others *(Note 2)*	19,821	4.0	21,521	3.8	31,140	4.6	9,180	4.2	12,228	4.6
Subtotal	491,248	98.8	553,379	98.0	658,164	98.4	213,990	98.6	263,723	98.9
Logistics and other services	6,187	1.2	11,253	2.0	10,574	1.6	3,065	1.4	2,929	1.1
Total	497,435	100.0	564,632	100.0	668,738	100.0	217,055	100.0	266,652	100.0

Notes:

1. Provision shops are grocery stores which sell a variety of F&B and other products similar to those of supermarkets but typically operate on a smaller business scale.

2 Other customers include pharmacies, bookstores, bakery ingredient shops and pet shops.

The table below sets forth the breakdown of our revenue generated from our distribution and sales business (excluding revenue generated from logistics and others) by geographical location (in terms of destinations to which the products were delivered) during the Track Record Period:

Geographical location	FY2019 Revenue		FY2020 Revenue		FY2021 Revenue		4M2021 Revenue		4M2022 Revenue	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Peninsular Malaysia:										
Eastern	333,967	67.2	357,014	63.2	401,575	60.1	134,198	61.8	165,095	61.9
Northern	74,703	15.0	90,958	16.1	120,525	18.0	35,248	16.3	48,335	18.1
Western	68,028	13.7	85,069	15.1	110,453	16.5	35,196	16.2	39,715	14.9
Others	14,550	2.9	20,338	3.6	25,611	3.8	9,348	4.3	10,578	4.0
Total	491,248	98.8	553,379	98.0	658,164	98.4	213,990	98.6	263,723	98.9

We generated all revenue from Malaysia of which Eastern Peninsular Malaysia contributed approximately 67.9%, 64.5%, 61.0% and 62.6% of total revenue of distribution and sales during the Track Record Period. With effort in expanding distribution and sales business in other areas, the aggregate of Northern and Western Peninsular Malaysia grew at fast pace with an increase in revenue of approximately RM33.3 million and RM55.0 million, or an increase of approximately 23.3% and 31.2% for FY2020 and FY2021 respectively, compared with their previous year. These two regions gained a growth of approximately 25.0% for 4M2022 comparing with 4M2021.

Major customers

During the Track Record Period, the revenue generated from our five largest customers in aggregate accounted for approximately 27.6%, 26.8%, 27.9% and 28.0% of our total revenue, respectively, and the revenue generated from our single largest customer accounted for 7.8%, 8.7%, 9.1% and 9.0% of our total revenue, respectively. During the Track Record Period, our five largest customers conduct business in Malaysia and mainly operate hypermarkets and supermarkets, and they purchased F&B products and non-F&B products offered by our Group. As at 30 April 2022, we had established long-term business relationship with our five largest customers during the Track Record Period ranging from approximately 11 to 26 years.

The following table sets forth the revenue from our five largest customers based on their ranking in terms of revenue contribution to our Group during the Track Record Period:

4M2022

Rank	Customer	Background of customer	Credit term	Payment method	Commencement year of our business relationship	Transaction amounts	As a percentage of total revenue
			days			*RM'000 approximately*	*%*
1	Customer A	A retail supermarket chain in Peninsular Malaysia with more than 60 outlets with more than 20 years of operation.	15-60	Bank transfer, cheque	1995	23,968	*9.0*
2	Billion Group	A retail chain in Peninsular Malaysia with more than 45 outlets.	30-60	Bank transfer, cheque	2008	18,525	*6.9*
3	Nirwana Group	A retail chain in Peninsular Malaysia with more than 15 outlets	15-60	Bank transfer, cheque	1995	13,549	*5.1*
4	TF Value-Mart	A retail chain in Peninsular Malaysia with more than 35 outlets.	30-60	Bank transfer, cheque	1998	10,393	*3.9*
5	Customer B	A convenience store chain in Peninsular Malaysia with more than 2,000 outlets with more than 20 years of operation.	30	Bank transfer, cheque, cash	2004	8,297	*3.1*
Total						74,732	28.0

FY2021

Rank	Customer	Background of customer	Credit term	Payment method	Commencement year of our business relationship	Transaction amounts	As a percentage of total revenue
			days			*RM'000 approximately*	*%*
1	Customer A	A retail supermarket chain in Peninsular Malaysia with more than 60 outlets with more than 20 years of operation.	15-60	Bank transfer, cheque	1995	60,829	*9.1*
2	Billion Group	A retail chain in Peninsular Malaysia with more than 45 outlets.	30-60	Bank transfer, cheque	2008	36,883	*5.5*
3	Nirwana Group	A retail chain in Peninsular Malaysia with more than 15 outlets.	15-60	Bank transfer, cheque	1995	31,818	*4.8*
4	Customer B	A convenience store chain in Peninsular Malaysia with more than 2,000 outlets with more than 20 years of operation.	30	Bank transfer, cheque, cash	2004	28,605	*4.3*
5	TF Value-Mart	A retail chain in Peninsular Malaysia with more than 35 outlets.	30-60	Bank transfer, cheque	1998	27,912	*4.2*
Total						186,047	27.9

FY2020

Rank	Customer	Background of customer	Credit term *days*	Payment method	Commencement year of our business relationship	Transaction amounts *RM'000 approximately*	As a percentage of total revenue *%*
1	Customer A	A retail supermarket chain in Peninsular Malaysia with more than 60 outlets with more than 20 years of operation.	15-60	Bank transfer, cheque	1995	48,990	*8.7*
2	Nirwana Group	A retail chain in Peninsular Malaysia with more than 15 outlets.	15-60	Bank transfer, cheque	1995	32,325	*5.7*
3	Billion Group	A retail chain in Peninsular Malaysia with more than 45 outlets.	30-60	Bank transfer, cheque	2008	28,581	*5.1*
4	TF Value-Mart	A retail chain in Peninsular Malaysia with more than 35 outlets.	30-60	Bank transfer, cheque	1998	27,048	*4.8*
5	Customer B	A convenience store chain in Peninsular Malaysia with more than 2,000 outlets with more than 20 years of operation.	30	Bank transfer, cheque, cash	2004	14,078	*2.5*
Total						151,022	26.8

FY2019

Rank	Customer	Background of customer	Credit term *days*	Payment method	Commencement year of our business relationship	Transaction amounts *RM'000 approximately*	As a percentage of total revenue *%*
1	Customer A	A retail chain supermarket in Peninsular Malaysia with more than 60 outlets with more than 20 years of operation.	15-60	Bank transfer, cheque	1995	38,738	*7.8*
2	Nirwana Group	A retail chain in Peninsular Malaysia with more than 15 outlets.	15-60	Bank transfer, cheque	1995	32,940	*6.6*
3	TF Value-Mart	A retail chain in Peninsular Malaysia with more than 35 outlets.	30-60	Bank transfer, cheque	1998	28,665	*5.8*
4	Billion Group	A retail chain in Peninsular Malaysia with more than 45 outlets.	30-60	Bank transfer, cheque	2008	24,416	*4.9*
5	BS Group	A retail chain in Peninsular Malaysia with more than 10 outlets.	15-60	Bank transfer, cheque	2010	12,678	*2.5*
Total						137,437	27.6

All of our five largest customers during the Track Record Period had continuous business relationship with us since they had started purchasing from us.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who owns more than 5% of the share capital of our Company immediately following completion of the Capitalisation Issue and the Global Offering, nor any of their respective associates, had any interest in any of the five largest customers of our Group for each of the financial years in the Track Record Period. During the Track Record Period, part of our revenue was generated from sales to customers who are connected persons of our Group. Please refer to the section headed "Connected Transactions" in this prospectus for further details.

Salient terms of orders placed by our customers

Our customers generally place orders with our sales team. As a follow-up, we would issue an invoice to the customer. The orders from our customers are generally on the following summarised terms:

Product description	:	The product code, quantity required and unit price of the ordered products are set out.
Payment and credit term	:	Full payment by bank transfer, cheque or cash within a credit period of generally up to 90 days.
Rebate	:	We generally offer unconditional and conditional sales rebates as an incentive for our customers.
Place of delivery	:	Product will be delivered to premises in Malaysia as designated by the customer.
Delivery lead time	:	Generally not more than four days.

For our customers which are typically large retail chains, we may enter into trading terms agreements with them, which generally are binding for one year and may be automatically renewed and provide for sales rebate and a credit period of generally up to 90 days.

During the Track Record Period, conditional sales rebates (offered by us to our customers, which were mainly hypermarkets and supermarkets, primarily based on their ability to meet certain targets set by us in relation to their purchase amount) and unconditional rebates (offered by us without conditions to our customers, which were typically hypermarkets and supermarkets), amounted in aggregate to approximately RM2.1 million, RM7.9 million, RM5.5 million and RM2.2 million, respectively. Generally, we offer unconditional rebates mainly to hypermarkets and supermarkets given their generally larger and more frequent purchases from us compared with other customers. For customers with which we have a relatively long business relationships or those which may have the capacity to place large purchases with us, we generally offer conditional rebates based on their fulfilment of certain purchase targets. Unconditional and conditional rebates are not mutually exclusive.

Our F&B dealers and merchandisers

During the Track Record Period, we sold our products to more than approximately 790, 830, 900 and 810 F&B dealers and merchandisers, respectively. Our Directors believe that it is more cost-efficient to market and sell our products to local dealers and merchandisers when the market size of the F&B distribution industry in certain geographic locations do not justify the expenses for setting up a local warehouse and logistics operation. Forming business relationships with local F&B dealers and merchandisers enables us to establish our business presence in areas of Malaysia where our warehouses are unable to cover, such as Perak and East Malaysia. Depending on the scale and capabilities of the F&B dealers and merchandisers and the complexity of the distribution logistics, we may engage more than one F&B dealer and merchandiser for a specific area for the onward sales to local retailers or directly to end consumers in specified territories.

Most of the F&B dealers and merchandisers conduct business with our Group on an order by order basis as our customers only through placing orders with our sales team, except for one F&B dealer, with its business based in East Malaysia, which have also signed three non-exclusive supply agreements with our Group in FY2019, which were all in force as at 30 April 2022.

During the Track Record Period, there were no major changes in the movement in the number of F&B dealers and merchandisers who have entered into supply agreements with us. There were no historical sales which are non-recurring during the Track Record Period.

The table below sets out the movements in the number of our F&B dealers and merchandisers and turnover rate during the Track Record Period:

		FY2019	FY2020	FY2021	4M2022
		approximately	*approximately*	*approximately*	*approximately*
Recurring	*a*	549	799	835	910
New *(Note 1)*	*b*	287	130	162	48
Inactive *(Note 2)*	*c*	(37)	(94)	(87)	(147)
Net movement for the year	$d = b + c$	250	36	75	(99)
Total	$e = a + d$	799	835	910	811
Percentage of net change to total	$f = d/e$	31.3%	4.3%	8.2%	(12.2)%

Notes:

1. "New" refers to our new customers in a particular financial year which did not place purchase order with us in the preceding year(s) but had placed at least one purchase order with us in that year.

2. "Inactive" refers to our inactive customers in a particular financial year which did not place any purchase order with us in that year.

The number of F&B dealers and merchandisers for FY2020 and FY2021 remained relatively stable as compared with the previous year. The decrease in the number of F&B dealers and merchandisers and increase in the number of inactive customers for 4M2022 were partly due to the timing of their placing orders with us. As the period only covers four months of the year, we believe that some of the F&B dealers and merchandisers from FY2021 had yet to place purchase orders with us in 2022.

In line with the industry practice, we are in a seller-buyer relationship with our F&B dealers and merchandisers where we sell our products in bulk to them, who then sell the products to, inter alia, local retailers or directly to general consumers. We retain no ownership control over the products sold to the F&B dealers and merchandisers, and all significant risks and rewards associated with the products are transferred to them upon delivery and acceptance. To comply with the terms of our marketing obligations under the distribution agreements with our suppliers, we generally supply marketing and promotional materials of our products to F&B dealers and merchandisers and require them to observe reasonable directions and instructions given by our Group. The three supply agreements entered into between us and the F&B dealer and merchandiser mainly contain the following summarised terms:

Contract term	:	The initial term generally ended on our financial year end date, which would thereafter be automatically renewed for one year annually unless terminated by either party.
Geographical areas	:	The F&B dealer is authorised to sell, distribute, advertise and promote the sales of the products only in specified territories of East Malaysia.
Exclusivity	:	Non-exclusive
Product return	:	We do not accept any product return from the F&B dealer, except for damaged or expired goods. Also, we do not have any obsolete stock arrangements (i.e. product return arrangements for products which have become obsolete, such as old products that can no longer be sold due to changes in product packaging or formulation, or discontinued SKUs) with them. Our Directors believe that our product return policy does not undermine the competitiveness of our Company since it is in line with the industry practice.
Pricing policies	:	We provide a recommended resale price list to the F&B dealer for their reference.
Sales targets	:	We do not require the F&B dealer to achieve a specific sales volume or meet sales targets.
Minimum purchase amounts	:	We do not impose any minimum purchase commitments on the F&B dealer.
Credit terms	:	We generally provide for a credit period of up to 90 days.

Assignment	:	The F&B dealer may not assign, sub-contract or delegate its obligations to any third party without our prior consent.
Termination	:	Either party may terminate the agreement upon prior written notice to the other party.

Revenue from the distribution and sales of our products to the F&B dealers and merchandisers is recognised at a point in time at which the customer obtains the control of the ordered products, which generally coincides with the time when the products are delivered to customers and the title is passed. This is generally consistent with the timing of revenue recognition for our sales of products to other customers. During the Track Record Period, our (i) revenue generated from sales to F&B dealers and merchandisers amounted to approximately RM64.6 million, RM78.6 million, RM90.0 million and RM37.5 million, representing approximately 13.0%, 13.9%, 13.5% and 14.1% of our total revenue, respectively; (ii) revenue generated from sales to the one F&B dealer which entered into three supply agreements with us in 2019 amounted to approximately RM3.1 million, RM5.8 million, RM7.4 million and RM2.9 million, representing approximately 0.6%, 1.0%, 1.1% and 1.1% of our total revenue, respectively.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who owns more than 5% of the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue, nor any of their respective associates, had any interest in any of the F&B dealers and merchandisers of our Group during the Track Record Period. All our F&B dealers and merchandisers during the Track Record Period and as at the Latest Practicable Date were Independent Third Parties.

Entities which are our customers and also our suppliers

Customers which are also our suppliers

Due to the nature of our business, some of our customers are also our suppliers, from which we have purchased products such as beverages and dairy products. During the Track Record Period, for instance, some of our customers such as hypermarkets and supermarkets, to which we had supplied products, had placed different products on sale at a discount, and we had purchased from these customers such products which were not available in our product offerings for onward sale to our customers such as wholesalers. During the Track Record Period, our (i) revenue generated from sales to our major customers who are also our suppliers amounted to approximately RM61.6 million, RM59.4 million, RM59.7 million and RM15.1 million, representing approximately 12.4%, 10.5%, 8.9% and 5.7% of our total revenue, respectively; and (ii) gross profit generated from the same amounted to approximately RM7.5 million, RM7.8 million, RM6.7 million and RM1.7 million, representing approximately 11.3%, 9.8%, 7.1% and 4.3% of our total gross profit, respectively and (iii) gross profit margin generated thereof was approximately 12.2%, 13.1%, 11.3% and 11.7%, respectively. Such major customers from which we had purchased products during the Track Record Period included *Nirwana*. During the Track Record Period, our purchase from our customers who are also our suppliers amounted to approximately RM1.1 million, RM0.6 million, RM63,000 and RM24,000, respectively, which we believe to be insignificant.

Suppliers which are also our customers

Due to the nature of our business, some of our suppliers are also our customers, to which we have provided logistics services and marketing and sales support services, and sold our products.

In relation to logistics services provided to our suppliers, we may render delivery services to them when some of our logistics vehicles are not fully loaded for a particular delivery, which allows us to utilise the spare capacity of our logistics vehicles to deliver products for our suppliers to their customers. Our Directors believe that such practice optimises the loading capacities of our logistics vehicles.

Upon the request of certain suppliers, we may also provide particular marketing and sales support services to them. For instance, we assist in the promotional activities initiated by our suppliers and charge them a fee. Where our sales representatives carry our ice-cream products in our logistics vehicles to routinely visit our customers' retail premises for conducting on-site sales to our customers, we charge a service fee for our sales support services provided to the ice-cream supplier. Our sales representatives may also be responsible for other sales support services such as setting up promotional displays, stock arrangement, fridge cleaning and promoting new products.

Some of our suppliers may source from us various kind of products that are not available in their product offerings. For instance, whilst they supply us with local frozen seafood, they may also purchase imported frozen seafood from us for resale to their customers. Since our product offerings are different from theirs, purchasing from one another can increase both of our product portfolio.

During the Track Record Period, our (i) revenue generated from our suppliers to which we provided the aforementioned services and products amounted to approximately RM6.7 million, RM8.2 million, RM8.7 million and RM3.4 million, representing approximately 1.4%, 1.4%, 1.3% and 1.3% of our total revenue, respectively; (ii) our gross profit generated from such suppliers amounted to approximately RM2.7 million, RM5.3 million, RM6.0 million and RM2.3 million, representing approximately 4.1%, 6.6%, 6.4% and 6.0% of our total gross profit, respectively; and (iii) gross profit margin generated thereof was approximately 40.3%, 64.6%, 69.2% and 68.7%, respectively. Our major suppliers which were also our customers during the Track Record Period included Supplier A, Supplier B, *Mondelez* and *Etika*. During the Track Record Period, our revenue generated from providing the aforesaid services and products to such major suppliers amounted to approximately RM3.0 million, RM5.1 million, RM5.4 million and RM1.7 million, respectively and our gross profit generated from the same amounted to approximately RM1.7 million, RM3.7 million, RM4.0 million and RM1.3 million, respectively.

Pricing policy

Our Group has adopted a "cost-plus" pricing policy, pursuant to which we set target prices with different profit margins over the products we distribute.

The target prices of the products we offer to our customers varies with each order. The management of our Group will review and revise the price list of our products daily after taking into account, among other things, the procurement costs and other costs, the type of products, the volume of orders, the price recommended by our suppliers, principal business activities of the customers, prevailing market conditions, the pricing of our competitors and the pricing strategy as determined by the management of our Group. In particular, for our Own Products, our Group has complete autonomy in determining the selling prices, which were primarily based on the prevailing market conditions, input costs, and competitive perspectives. As for the Third-Party Brand Products, pricing is typically based on the prices recommended by the brand owners of the Third-Party Brand Products in accordance with the terms of the relevant distribution agreements.

Our Directors believe that we are able to pass on part of the increase in our procurement costs to our customers under our pricing policy. Comparing the pricing of similar products offered by our competitors from time to time, we believe that our price set for our products during the Track Record Period represented good value for money and remained competitive while still being capable of maintaining reasonable profit margins.

Credit policy and payment methods

Before taking up orders from a new customer, we generally obtain its credit report and assess its credibility. We grant credit period to our customers based on, *inter alia*, their credit records, financial position, operating scale, duration of business relationship and usual purchase amount. We also constantly monitor customers' payment and credit records and adjust their credit term, if necessary. For major customers with which we have maintained stable business relationship, we generally offer a credit period up to 60 days. Our management closely monitors the credit exposure and repayment conditions of our customers. We will make provisions if our management believes that any customer is or is likely to be in financial distress and is unable to settle its long outstanding trade amount. For further details of our credit policy, please refer to the paragraphs headed "Financial Information – Principal financial position items – Trade and other receivables" in this prospectus.

Payment from our customers is usually settled by way of bank transfer, cheque or cash. During the Track Record Period, approximately 90.8%, 92.5%, 95.1% and 93.0% of our total revenue, respectively, was settled by bank transfer and by cheque, and during the Track Record Period approximately 9.2%, 7.5%, 4.9% and 7.0% of our total revenue, respectively, was settled in cash.

Product return policy

We generally accept returns of (i) any defective products sold by us that were damaged during transportation and delivery; (ii) products that did not correspond to the product specifications, after examination and upon approval by our management; or (iii) any products which have already expired or will soon expire upon delivery. Our Group strongly encourages our customers to give notice of such instances as soon as possible and make a return request. Any failure to notify us within one business day shall be deemed acceptance by the customer.

The process and cost of return will generally be borne by our Group, where the products concerned would be identified, segregated, collected and transported back to our Group's warehouses. In the alternative, our customers, after consulting with us, may also destroy the products by themselves. For any potential product return, we would perform proper inspection and examination of the defective or damaged products. Products returned may be further returned to our suppliers or destroyed by us. As a follow-up measure, a credit note will be issued.

During the Track Record Period, products returned by our customers to us amounted to approximately RM16.7 million, RM16.0 million, RM22.9 million and RM7.1 million, respectively, representing approximately 3.4%, 2.9%, 3.4% and 2.7% of our total revenue during the same periods. Up to the Latest Practicable Date, we did not experience any material product return due to product quality defects or damages, nor did we receive any liability claims in relation to the same.

OUR SUPPLIERS

During the Track Record Period, we sourced products from more than 170 suppliers, which were primarily (i) international brand owners and domestic brand owners, wholesalers and distributors for over 200 international brands and domestic brands in Malaysia and originated in different countries such as the United Kingdom, New Zealand, the United States and Japan, and (ii) raw material suppliers and OEM suppliers. We generally place orders with our suppliers by email, who would then issue to us the relevant invoices setting out, among other things, the description, quantity and unit price of the products ordered and place of delivery.

Selection of suppliers

Our Group considers the ability to source and supply diverse and high-quality products can showcase our reliability and instill customer confidence. Ever since our Group was founded and commenced our business in the F&B distribution industry, we have been continuously expanding our scale of operations by embarking on new business relationships with reputable suppliers.

We explore new brands and products mainly via (i) the introduction by our existing supplier(s) or new suppliers; (ii) attending trade fairs and exhibitions; and (iii) Internet search. When selecting and evaluating a potential supplier, we generally consider (i) the product portfolio it is able to offer; (ii) the quality and pricing of its products; (iii) the brand origin and (iv) market demand and preference for its products. Before we make any purchases, we require our OEM suppliers and raw material suppliers to provide health certificates, inspection reports and relevant qualifications for the products. These certificates and reports shall be issued by the relevant government authorities or recognised authorities or institutions so as to prove that the products have passed all requisite tests, are safe for human consumption or use, and comply with the relevant food hygiene regulations in Malaysia. For further details, please refer to the paragraphs headed "Food safety and quality assurance – Sourcing and procurement" below in this section.

We may also request small quantities of sample products from potential suppliers for examination and evaluation. Before placing any purchases in large quantity, we will study the historical sales data of Third-Party Brand Products and assess its market size. Once we have identified and selected potential brand owners or distributors and their products, we will negotiate for distributorship of the products in Malaysia and subject to their consent, enter into distribution agreement with them for distributing their products. However, not all brand owners or distributors prefer entering into a distribution agreement with us. In such a case, we have to purchase products from these suppliers in bulk based on the terms of individual orders for onward sale of the products to our customers.

Major suppliers

During the Track Record Period, our five largest suppliers in aggregate accounted for approximately 51.0%, 47.1%, 43.5% and 39.8%, respectively, of our total purchases, and our largest supplier accounted for approximately 17.1%, 15.2%, 14.8% and 12.8% of our total purchases, respectively. As at 30 April 2022, we had established long-term business relationship ranging from approximately five to 26 years with our five largest suppliers during the Track Record Period.

The table below sets out certain information of our Group's five largest suppliers based on their ranking in terms of cost of purchases incurred by our Group during the Track Record Period:

4M2022

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
1	Supplier A	A Malaysia subsidiary of a British multinational consumer goods company engaged in 3 segments: (i) Beauty & Personal Care; (ii) Foods & Refreshment; and (iii) Home Care, listed on the London Stock Exchange and Euronext Amsterdam with a market capitalisation of approximately GBP95.0 billion*(Note)*.	Ice-cream	30	Bank transfer	2003	29,567	12.8
2	Supplier B	A Malaysia subsidiary of a global dairy nutrition company supplying products to Asia Pacific, Africa, Middle East, Europe, North Asia, Americas, listed on the New Zealand's Exchange with a market capitalisation of approximately NZD4.4 billion*(Note)*.	Milk powder, milk, cheese and other dairy products	7	Bank transfer	1996	21,281	9.2
3	*Mondelez*	A Malaysia affiliate of an American multinational F&B company listed on the Nasdaq Stock Market with a market capitalisation of approximately USD89.2 billion*(Note)*.	Chocolate bar, chocolate chip cookies and biscuits	3	Bank transfer	2017	18,276	7.9

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
4	*Etika*	A FMCG company in Malaysia principally engaged in the manufacturing, distribution and marketing of beverage and dairy products across certain markets in South East Asia reaching over 40,000 customers.	Soft drinks, canned coffee, milk and other beverage products	40	Bank transfer	2005	12,345	5.3
5	Ajinomoto (Malaysia) Berhad	A listed subsidiary in Malaysia of a global food and biotechnology corporation principally engaged in the production of, inter alia, seasonings, interlayer insulation materials, cooking oil and amino acids, listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY1,815.9 billion[(Note)].	Sauce & condiment	7	Bank transfer	2010	10,683	4.6
Total							92,152	39.8

Note: The market capitalisation value was updated on 30 April 2022.

FY2021

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
1	Supplier A	A Malaysia subsidiary of a British multinational consumer goods company engaged in 3 segments: (i) Beauty & Personal Care; (ii) Foods & Refreshment; and (iii) Home Care, listed on the London Stock Exchange and Euronext Amsterdam with a market capitalisation of approximately GBP95.0 billion*(Note)*.	Ice-cream	30	Bank transfer	2003	85,065	14.8
2	Supplier B	A Malaysia subsidiary of a global dairy nutrition company supplying products to Asia Pacific, Africa, Middle East, Europe, North Asia, Americas, listed on the New Zealand's Exchange with a market capitalisation of approximately NZD4.4 billion*(Note)*.	Milk powder, milk, cheese and other dairy products	7	Bank transfer	1996	58,140	10.1
3	*Mondelez*	A Malaysia affiliate of an American multinational F&B company listed on the Nasdaq Stock Market with a market capitalisation of approximately USD89.2 billion*(Note)*.	Chocolate bar, chocolate chip cookies and biscuits	3	Bank transfer	2017	49,005	8.5

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
4	*Etika*	A FMCG company in Malaysia principally engaged in the manufacturing, distribution and marketing of beverage and dairy products across certain markets in South East Asia reaching over 40,000 customers.	Soft drinks, canned coffee, milk and other beverage products	40	Bank transfer	2005	32,649	5.7
5	Ajinomoto (Malaysia) Berhad	A listed subsidiary in Malaysia of a global food and biotechnology corporation principally engaged in the production of, inter alia, seasonings, interlayer insulation materials, cooking oil and amino acids, listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY1,815.9 billion(Note).	Sauce & condiment	7	Bank transfer	2010	25,038	4.4
Total							249,897	43.5

Note: The market capitalisation value was updated on 30 April 2022.

FY2020

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
1	Supplier A	A Malaysia subsidiary of a British multinational consumer goods company engaged in 3 segments: (i) Beauty & Personal Care; (ii) Foods & Refreshment; and (iii) Home Care, listed on the London Stock Exchange and Euronext Amsterdam with a market capitalisation of approximately GBP95.0 billion*(Note)*.	Ice-cream	30	Bank transfer	2003	72,349	15.2
2	Supplier B	A Malaysia subsidiary of a global dairy nutrition company supplying products to Asia Pacific, Africa, Middle East, Europe, North Asia, Americas, listed on the New Zealand's Exchange with a market capitalisation of approximately NZD4.4 billion*(Note)*.	Milk powder, milk, cheese and other dairy products	7	Bank transfer	1996	54,569	11.5
3	*Mondelez*	A Malaysia affiliate of an American multinational F&B company listed on the Nasdaq Stock Market with a market capitalisation of approximately USD89.2 billion*(Note)*.	Chocolate bar, chocolate chip cookies and biscuits	3	Bank transfer	2017	47,928	10.1

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
4	*Etika*	A FMCG company in Malaysia principally engaged in the manufacturing, distribution and marketing of beverage and dairy products across certain markets in South East Asia reaching over 40,000 customers.	Soft drinks, canned coffee, milk and other beverage products	40	Bank transfer	2005	28,255	5.9
5	Ajinomoto (Malaysia) Berhad	A listed subsidiary in Malaysia of a global food and biotechnology corporation principally engaged in the production of, inter alia, seasonings, interlayer insulation materials, cooking oil and amino acids, listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY1,815.9 billion*(Note)*.	Sauce & condiment	7	Bank transfer	2010	21,110	4.4
Total							224,211	47.1

Note: The market capitalisation value was updated on 30 April 2022.

FY2019

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
1	Supplier A	A Malaysia subsidiary of a British multinational consumer goods company engaged in 3 segments: (i) Beauty & Personal Care; (ii) Foods & Refreshment; and (iii) Home Care, listed on the London Stock Exchange and Euronext Amsterdam with a market capitalisation of approximately GBP95.0 billion*(Note)*.	Ice-cream	30	Bank transfer	2003	73,012	17.1
2	Supplier B	A Malaysia subsidiary of a global dairy nutrition company supplying products to Asia Pacific, Africa, Middle East, Europe, North Asia, Americas, listed on the New Zealand's Exchange with a market capitalisation of approximately NZD4.4 billion*(Note)*.	Milk powder, milk, cheese and other dairy products	7	Bank transfer	1996	53,195	12.4
3	*Mondelez*	A Malaysia affiliate of an American multinational F&B company listed on the Nasdaq Stock Market with a market capitalisation of approximately USD89.2 billion*(Note)*.	Chocolate bar, chocolate chip cookies and biscuits	3	Bank transfer	2017	42,233	9.9

Rank	Supplier	Background of Supplier	Principal products supplied to our Group	Credit term	Payment method	Commencement year of our business relationship	Transaction amount	As a percentage of total purchases
				days			*RM'000 approximately*	*%*
4	*Etika*	A FMCG company in Malaysia principally engaged in the manufacturing, distribution and marketing of beverage and dairy products across certain markets in South East Asia reaching over 40,000 customers.	Soft drinks, canned coffee, milk and other beverage products	40	Bank transfer	2005	30,599	7.2
5	Ajinomoto (Malaysia) Berhad	A listed subsidiary in Malaysia of a global food and biotechnology corporation principally engaged in the production of, inter alia, seasonings, interlayer insulation materials, cooking oil and amino acids, listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY1,815.9 billion(Note).	Sauce & condiment	7	Bank transfer	2010	18,778	4.4
Total							217,817	51.0

Note: The market capitalisation value was updated on 30 April 2022.

To the best knowledge and belief of our Directors, none of our Directors or Shareholders who owns more than 5% of the share capital of our Company immediately following completion of the Global Offering and the Capitalisation Issue, nor any of their respective associates, had any interest in any of the five largest suppliers of our Group during the Track Record Period.

Salient terms of distribution agreements

Our Directors believe that entering into legally binding distribution agreements with our suppliers is beneficial to our Group in consolidating our market position, primarily because such arrangements solidify the business relationships, confidence and mutual co-operation between our Group and our suppliers, thereby allowing our Group to secure stable and sufficient supplies of highly demanded products at a competitive price and to maintain a diversified product portfolio.

As at 30 April 2022, we had over distribution agreements in force which were entered into with over 30 suppliers covering more than 100 Third-Party Brands. Our agreements with our suppliers of Third-Party Brand Products generally contain the following summarised terms:

Contractual term	:	The agreement is generally binding and effective for a fixed period ranging from one to three year(s) and may be automatically renewed or contain an option to renew.
Product description	:	The products to be distributed are listed out together with their description and specifications.
Area(s) of distribution	:	Area(s) of distribution in Malaysia are specified in each agreement. Distributorship is non-exclusive.
Price payment and credit terms	:	Payment is by cash, cheque or bank transfer within a credit period of generally up to 60 days.
Minimum purchase commitment	:	We may be required to place orders for our suppliers' products totalling not less than a certain purchase amount over a specified period.
Performance targets	:	We may be subject to certain performance targets such as sales targets set out in the distribution agreement.
Rebate	:	We are generally offered rebate as an incentive to reach certain sales targets set out in the distribution agreement.

Appointment(s) of sub-distributor	:	We are generally restricted from appointing sub-distributors unless consent is obtained.
Resale price	:	Resale price are mainly recommended by our supplier or determined by us after discussion with our suppliers.
Our obligations	:	We shall assist in promoting and maximising the sales of the products and ensure that the products are well preserved and are in good conditions for sale.
Delivery cost and arrangement	:	The products are delivered to our designated warehouses at the supplier's cost.
Title and risk of loss	:	Title to the products and legal risks pass to us when we have accepted the products delivered to us.
Product return	:	We may return defective or damaged products provided that such defect or damage is not attributable to our negligence. This standard is in line with the industry practice.
Termination	:	Either party may terminate the agreement upon prior written notice to the other party in accordance with the agreement.

Our Directors confirm that, as at the Latest Practicable Date, there had not been any material breach of the terms of the distribution agreements entered into between our Group and the respective suppliers.

During the Track Record Period, our aggregate minimum purchase commitments per year/period under the distribution agreements amounted to not less than RM9.7 million, RM11.4 million, RM11.5 million and RM5.1 million, respectively. Failure to fulfill the said minimum purchase commitments generally constitutes a breach of the distribution agreements and, if material, may entitle the supplier to terminate the agreement. During the Track Record Period, there were occasions where we were unable to fulfill the minimum purchase commitments under two distribution agreements as the then market demand did not warrant our purchase of the required amount.

For the first distribution agreement with minimum purchase commitments of approximately RM7.2 million (annual commitment for FY2019, FY2020 and FY2021) and RM3.6 million (for 4M2022), our shortfall in purchase amount amounted to approximately RM3.8 million, RM3.3 million, RM3.4 million and RM1.5 million, respectively, for each year/period during the Track Record Period. Since this was the first agreement entered into by us with the supplier in 2018 for distribution of the relevant products, it was uncertain as to the exact market demand for the products.

For the second distribution agreement with minimum purchase commitments of approximately RM2.5 million (for seven months since the agreement commenced in June 2019), RM4.2 million (annual commitment for FY2020), RM4.2 million (annual commitment for FY2021) and RM1.4 million (for 4M2022), there was no shortfall in relation to such aggregate amounts. Our Group's failure to meet the commitments stemmed from the fact that the said commitments were expressed as weekly minimum order volume under the agreement, which we had failed to achieve in some weeks. However, when taken in aggregate, our purchase amounts for FY2019, FY2020, FY2021 and 4M2022 exceeded the aggregate minimum purchase commitments under the agreement.

In view of the above, we had diligently communicated with the suppliers of the two said distribution agreements regarding our difficulties in meeting the above commitments and were not subjected to any consequence arising therefrom, and the suppliers continued to supply products to us.

In relation to performance targets, we are generally subject to various sales targets, the fulfillment of which may entitle us to certain amount of rebate. During the Track Record Period, the rebate received by us amounted to approximately RM3.1 million, RM3.9 million, RM5.7 million and RM2.7 million, respectively. The consequences of failing to meet the performance targets prescribed by our suppliers include, for instance, issuing of a warning letter to us by the supplier, appointment of additional distributors for its products within the same distribution territory, and termination of our distribution agreement with them, which may vary with respect to each distribution agreement we entered into with our suppliers. During the Track Record Period, our Group had not experienced any of the above-mentioned incidents or consequences. In practice, our suppliers generally adopt a flexible approach towards our meeting of such targets as they take into account the prevailing market conditions and our performance of other obligations under the distribution as a whole, such as marketing and sales price adjustment. We generally communicate closely with our suppliers and if necessary, express our difficulties in meeting sales targets and they would generally provide us with various means of support. For instance, they may (i) enhance marketing strategies for product promotion and providing us with more flexibility in pricing to stimulate the sales of their products and (ii) adjust our performance targets to make them more achievable and practicable in view of the economy, market demand and industry trend at the time.

During the Track Record Period, we had also engaged raw material suppliers and OEM suppliers for our Own Products. We give our OEM suppliers the specifications of our Own-Brand Products, our trademarks as well as the packaging and labelling requirements. Upon our confirmation on the sample products, they proceed to mass production. Our raw material suppliers provide for both our Own-Brand Products and White-Label Products. Our raw material suppliers supply the raw materials to us for our processing (including freezing, packaging and labelling) at our processing facilities for which we either sell to our customers as White-Label Products or we further label the products under our own brand names for sale. For the compliance with Halal standard, our Halal products are processed separately from non-Halal material to avoid contaminations. We generally entered into OEM agreements with some of our OEM suppliers for a fixed period, ranging from one to two years. Agreements with our OEM suppliers generally contain terms such as product details, production requirements, products inspection and acceptance criteria, agreed price and payment and delivery terms. During the Track Record Period, we generally did not enter into any long-term agreements with our raw material suppliers and we generally purchase raw materials from them on an order-to-order basis.

Currency conversion and exchange rate risks in our purchases

We are exposed to currency conversion and exchange rate risks, details of which are set out in the paragraphs headed "Risk factors – Risks relating to our operations in Malaysia – We are exposed to currency conversion and exchange rate risks." in this prospectus. For each year/period during the Track Record Period, our purchases made in foreign currency and hence subject to currency conversion and exchange rate risks accounted for approximately 8.8%, 9.9%, 10.7% and 10.2% respectively of our total purchases for the same periods.

MARKETING AND OTHER SUPPORT SERVICES

Our dedicated sales team, composed of 330 personnel as at 30 April 2022, is entrusted to provide quality sales support services to our suppliers, such as setting up promotional displays, stock arrangement and marketing of new products. Being one of the distributors of certain international branded products in Malaysia, we would assist in the promotional activities initiated by the brand owners or distributors from time to time.

Our sales representatives and customer service personnel also handle general enquiries, product return and complaints. They are required to provide prompt responses by way of phone or email to ensure all customers' concerns are properly acknowledged and followed-up. For serious complaints such as large quantity product return, our customer service personnel will report such matters to the head of sales team for investigation and resolution, who may report such matters further to our executive Directors, if necessary.

As at 30 April 2022, we had 3 designated marketing personnel responsible for the promotion of our Own-Brand Products, formulating marketing strategies and understanding the F&B market in Malaysia. According to F&S Report, in 2021, the market size by revenue of the Own-Brand business in the F&B distribution industry reached approximately RM2.1 billion, accounting for approximately 8.5% of the total F&B distribution market. The sales of our Own-Brand Products had gradually increased and accounted for approximately 10.4%, 12.1%, 12.9% and 12.0% of our total revenue during the Track Record Period, respectively. To enhance the exposure and marketability of our Own-Brand Products, we advertise by means of active social media marketing, above the line media, e-commerce platforms, hosting road shows, setting up promotional displays and by direct promotion to our customers.

To reinforce our marketing initiatives, our management and the sales team visit our major customers from time to time to collect their feedback, understand their needs and expectations and gain useful information which facilitates our analysis on the market trends and business planning. Our management may also inquire and explore new products to be developed or launched by them.

During the Track Record Period, our staff costs for our sales and marketing team and other related expenses incurred amounted to approximately RM13.9 million, RM17.8 million, RM18.6 million and RM6.2 million, respectively.

OUR WAREHOUSES

To cater for the needs of our customers in various regions of Peninsular Malaysia, our warehouses, which also serve as our distribution centres, are strategically located to cover Eastern Peninsular Malaysia (including Kuantan, Mentakab, Kuala Terengganu, Kota Bharu), Western Peninsular Malaysia (including Puchong, Seremban), Southern Peninsular Malaysia (including Johor Bahru) and Northern Peninsular Malaysia (including Perai, Alor Setar), which covered most states and regions across Peninsular Malaysia.

The table below sets forth the details of our existing and prospective warehouses as at 30 April 2022:

Self-operated warehouses in Peninsular Malaysia	**Nature**	**Built-up area of the premises**	**Designated storage capacity** *(Note 1)*	**Utilisation rate** *(Note 2)*			
				FY2019	**FY2020**	**FY2021**	**4M2022**
		approximately sq.m.	*approximately CBM*	*approximately %*	*approximately %*	*approximately %*	*approximately %*
Eastern							
1. Kuantan WH (HQ)	Self-owned	6,630					
General storage			3,870	89.0	86.7	80.8	104.3
Cold storage			3,020	95.5	98.9	100.0	92.7
2. Kota Bharu WH	Self-owned	2,900					
General storage			1,930 *(Note 10)*	78.8	80.7	74.3	86.8
Cold storage			470	82.6	78.1	101.1	99.4
3. Kuala Terengganu WH I(A)	Self-owned	1,130					
General storage			450	103.0	84.2	80.6	97.5
Cold storage			220	80.8	77.7	80.6	78.8
4. Mentakab WH	Self-owned	1,730					
General storage			680	91.3	78.1	83.7	96.9
Cold storage			60	69.8	75.2	98.0	90.4
5. Kuantan WH	Leased *(Note 4)*	1,470					
General storage			1,240	NA	81.7	82.3	95.5
Cold storage			–	NA	NA	NA	NA
6. Kuala Terengganu WH II	Leased *(Note 5)*	800					
General storage			760	95.7	95.0	99.7	97.8
Cold storage			–	NA	NA	NA	NA

Self-operated warehouses in Peninsular Malaysia	Nature	Built-up area of the premises	Designated storage capacity (Note 1)	Utilisation rate (Note 2) FY2019	FY2020	FY2021	4M2022
		approximately sq.m.	*approximately CBM*	*approximately %*	*approximately %*	*approximately %*	*approximately %*
Sub-aggregate (Note 3)		**14,660**					
General storage			**8,930**	**88.9**	**85.4**	**81.4**	**97.8**
Cold storage			**3,770**	**92.6**	**94.7**	**99.0**	**92.7**
Northern							
7. Alor Setar WH	Self-owned (Note 6)	2,510					
General storage			5,010 (Note 11)	80.2	86.1	69.8	73.9
Cold storage			210 (Note 11)	74.4	87.1	50.9	69.8
8. Perai WH	Leased (Note 7)	1,570					
General storage			4,970 (Note 12)	NA	61.0	64.6	65.9
Cold storage			–	NA	NA	NA	NA
Sub-aggregate (Note 3)		**4,080**					
General storage			**9,980**	**80.2**	**83.3**	**67.2**	**69.9**
Cold storage			**210**	**74.4**	**87.1**	**50.9**	**69.8**
Western							
9. Puchong WH I	Self-owned	3,480					
General storage			1,490	88.9	82.9	79.0	99.2
Cold storage			220	96.4	86.6	96.6	99.7
10. Seremban WH I	Self-owned	1,390					
General storage			140	68.5	98.8	95.6	97.2
Cold storage			210	102.5	88.4	102.4	98.7
11. Seremban WH II	Leased (Note 8)	290					
General storage			–	NA	NA	NA	NA
Cold storage			70	87.7	83.3	87.3	103.7
Sub-aggregate (Note 3)		**5,160**					
General storage			**1,630**	**87.2**	**84.3**	**80.4**	**99.1**
Cold storage			**500**	**97.7**	**86.9**	**97.8**	**99.9**
Southern							
12. Johor Bahru WH	Self-owned	830					
General storage			510 (Note 13)	77.6	91.2	76.7	75.1
Cold storage			70 (Note 13)	NA	NA	30.6	64.9
Sub-aggregate (Note 3)		**830**					
General storage			**510**	**77.6**	**91.2**	**76.7**	**75.1**
Cold storage			**70**	**NA**	**NA**	**30.6**	**64.9**
Total number of self-operated warehouse: 12							
Total aggregate (Note 3)		**24,730**					
General storage			**21,050**	**84.1**	**84.8**	**75.2**	**84.2**
Cold storage			**4,550**	**92.7**	**93.7**	**97.6**	**92.0**

Self-operated warehouses in Peninsular Malaysia	Nature	Built-up area of the premises	Designated storage capacity (Note 1)	Utilisation rate (Note 2) FY2019	FY2020	FY2021	4M2022
		approximately sq.m.	*approximately CBM*	*approximately %*	*approximately %*	*approximately %*	*approximately %*
New self-owned warehouse to be acquired							
13. Kuala Terengganu WH I(B) (Note 14)	Self-owned	7,800					
General storage			4,600				
Cold storage			540				
New self-owned warehouse to be set up							
14. New Klang WH	Self-owned	7,080					
General storage			2,700				
Cold storage			2,700				
Total number of self-operated warehouses upon successful setting-up of the new warehouses: 13 (Note 9)							
Aggregate							
– Self-owned							
General storage			21,380				
Cold storage			7,720				
– Leased							
General storage			6,210				
Cold storage			70				
Total		38,810					
General storage			27,590				
Cold storage			7,790				

Notes:

1. Designated storage capacity in terms of CBM is derived from (i) the actual floor area that has been generally used for storage purpose in each of the warehouse premises during the Track Record Period; and (ii) the maximum height that products can be stacked up for storage in each of the warehouse premises taking into account the necessary pathways in the warehouses and the distance between the racks and pallet areas in order to ensure the safety and ease in loading and unloading of products.

2. Storage utilisation rate for a particular period is the mean of the monthly utilisation rate of the total number of months in that period. The monthly storage utilisation rate is calculated by the inventory of a selected date of the month. The daily storage utilisation rate is calculated by the total CBM of the inventory stock stored in the warehouse on a particular day over designated storage capacity.

3. Aggregate storage utilisation rate for a region is the weighted average of the aggregate utilisation rate of all the warehouses in that region during that period.

4. The lease period for Kuantan WH is from 1 October 2020 to 30 September 2023.

5. The lease period for Kuala Terengganu WH II is from 1 March 2020 to 28 February 2023. The leased warehouse is expected to be replaced by Kuala Terengganu WH I(B).

6. Alor Setar WH was originally leased but was acquired by us in FY2019.

7. The lease period for Perai WH is from 1 November 2020 to 31 October 2023.

8. The lease period for Seremban WH II is from 1 January 2022 to 1 January 2024.

9. Upon successful setting-up of Kuala Terengganu WH I(B), we intend to cease to lease one of our leased warehouses.

10. The designated storage capacity was approximately 1,350 CBM for FY2019 and FY2020 and increased to approximately 1,930 CBM for FY2021.

11. The designated general storage capacity was approximately 2,880 CBM for FY2019 and FY2020 and increased to approximately 5,010 CBM for FY2021; the designated cold storage capacity was approximately 60 CBM for FY2019 and FY2020 and increased to approximately 210 CBM for FY2021.

12. The designated storage capacity was approximately 2,210 CBM for FY2020 and increased to approximately 4,970 CBM for FY2021.

13. The designated general storage capacity was approximately 180 CBM for FY2019 and FY2020 and increased to approximately 510 CBM for FY2021; the designated cold storage capacity was approximately nil for FY2019 and FY2020 and increased to approximately 70 CBM for FY2021.

14. Its designated storage capacity is estimated based on our intended utilisation plan and is subject to changes and adjustment. For further information of the warehouse, please refer to the subsection headed "Recent acquisition" below in this section.

Warehouse and logistics service providers

In addition to our self-operated warehouses, we have engaged Independent Third Party warehouse and logistics service providers for storage area as a supporting extension of our distribution network. The warehouses of these warehouse and logistics service providers include Puchong WH II, Perak WH and Shah Alam WH as at 30 April 2022. During the Track Record Period, we had engaged approximately three independent warehouse and logistics service providers, and our expenses for their warehouse and logistics service amounted to approximately RM1.9 million, RM2.3 million, RM2.1 million and RM0.7 million, respectively. The value of the products (in terms of purchase cost) stored with our warehouse and logistics service providers accounted for approximately 13.1%, 13.2%, 17.1% and 16.6%, respectively, of the total value of all our products (in terms of purchase cost) during the Track Record Period.

Our warehouse and logistics service providers are mainly responsible for the receipt, storage, handling and delivery of our products. Our warehouse and logistics service providers are also responsible for the management of the inventories in accordance with our storage requirement. As part of our food safety and quality assurance policies, we place great emphasis on careful selection of our warehouse and logistics service providers. We also scrutinise the internal policies of the service providers' warehouses, particularly in respect of (i) maintenance and hygiene; (ii) storage environment; (iii) manpower; (iv) measures to protect products from contamination; and (v) contingency measures.

Cold storage facilities

During the Track Record Period, we had engaged in the distribution and sales of frozen products such as seafood and meat and dairy products. Our Directors believe that one of the key challenges is the proper storage of such products under optimal temperature and condition to preserve their safeness, freshness and quality. Of our 12 self-operated warehouses as at 30 April 2022, nine were equipped with cold storage facilities. Our cold storage facilities have designated storage capacity of approximately 4,550 CBM in total as at 30 April 2022.

Our cold storage facilities are individual storage rooms equipped with refrigerating machines supported by temperature adjustment mechanism, which are specifically designed to store a range of temperature-sensitive product types such as dairy products, frozen meat and frozen seafood. This allows us to have greater flexibility in terms of storage of different temperature-sensitive product types.

Our cold storage facilities are designed to be weathertight and insulated. To maintain a low temperature during loading and unloading, the entrances of our warehouses are equipped with vinyl strip curtains and without air leaks. The warehouses are equipped with recorders to continuously log the temperature and humidity levels, etc., and with real time surveillance and alert system. An alarm would be triggered if the storage temperature rises above a pre-set temperature threshold over which our frozen products may be rendered unfit for human consumption. Floors, walls and ceiling of the cold storage facilities are required to be sanitary and free from flaking paint, rust and physical damage which may be a source of contamination.

Furthermore, we have set up strict guidelines covering various aspects of warehousing operations and maintenance aiming to prevent our products from becoming tainted, decomposed or unwholesome. Our designated warehousing personnel closely monitor and ensure a controlled storage environment. The table below sets out the warehouse conditions and inventory control measure implemented at our warehouses:

	Warehouse	Cold storage		
Storage temperature	normal conditions	Frozen products: -18°C ± 2°C	Ice-cream: -22°C ± 2°C	Dairy products: -10°C ± 2°C
Humidity	60% to 75%	60% to 75%		60% to 75%
Inventory control	first-in-first-out	first-in-first-out		first-in-first-out

We engaged third-party service providers to provide maintenance and repair services for our cold storage facilities. In case of a power outage, we can contact third-party electricity supplier(s) to swiftly provide us with back-up electricity supply. Moreover, our cold storage facilities are designed to preserve their temperature within a safe range for a period of time even during power outages. During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any material failure or insufficiency of electricity supply. In view of the above contingency measures, we believe that the risk and impact of power failure on our frozen products and on our business are low.

Recent acquisition

During the Track Record Period, our distribution and sales operations in Eastern Peninsular Malaysia contributed the largest proportion of our income and our revenue generated therefrom accounted for approximately 67.9%, 64.5%, 61.0% and 62.6% of our total revenue from distribution and sales. Owing to the high utilisation rate of Kuala Terengganu WH I(A) and Kuala Terengganu WH II (especially for general storage) as stated in the table above in this subsection in relation to our warehouses, our further growth and expansion in Eastern Peninsular Malaysia, particularly in Kuala Terengganu, has been limited. In light of this, in March 2022, we entered into a sale and purchase agreement for the acquisition of a new warehouse (i.e. Kuala Terengganu WH I(B)) (directly, instead of the purchase of a company holding the warehouse) in the proximity of Kuala Terengganu WH I(A) at the consideration of approximately RM10.5 million (of which 10% has been paid as deposit as at the Latest Practicable Date), which is intended to be funded by bank borrowings and our internal resources. Kuala Terengganu WH I(B) has an estimated built up area of approximately 7,800 sq. metres and is intended to be utilised mainly for general storage.

Our acquisition of Kuala Terengganu WH I(B) is expected to complete in or about three months from the date when the state authority's consent is obtained. Upon commencement of operation, Kuala Terengganu WH I(B) is expected to progressively replace Kuala Terengganu WH II.

OUR LOGISTICS OPERATION

Our transportation team and vehicles

We have a robust transportation team consisting of our logistics personnel and a fleet of more than 140 logistics vehicles as at 30 April 2022, details of which are set out below:

	Unit owned			
	As at 31 December 2019	**As at 31 December 2020**	**As at 31 December 2021**	**As at 30 April 2022**
Refrigerated				
Trucks (more than 3,500 kg)				
– Ice-cream	50	56	58	58
– Frozen Food	39	39	42	40
Sub-total	89	95	100	98
Non-refrigerated				
Trucks (more than 3,500 kg)	32	35	42	46
Vans (up to 3,500 kg)	2	2	1	1
Sub-total	34	37	43	47
Total	123	132	143	145

During the Track Record Period, our logistics vehicles were close to being fully utilised at high utilisation rate of approximately 81.1%, 83.1%, 78.5% and 82.0%, respectively, which is calculated by dividing the actual number of days on which the vehicles are deployed in the relevant year/period by the total number of working days of the relevant year/period. The utilisation rate of our logistics vehicles for FY2021 is lower than that for FY2019 and FY2020.

For FY2021 compared with FY2020, we recorded an increase in our revenue generated from retail chains and channels, in particular hypermarkets and supermarkets, and a decrease in our revenue for FY2021 compared with FY2020 generated from school canteens. This is mainly attributable to the various social distancing and lockdown measures under the MCO, as a result of which hypermarkets and supermarkets continued to operate and increased purchase volume, while many school canteens remained closed. Consequently, we could meet the increased volume of orders from hypermarkets and supermarkets by more fully loading our logistics vehicles with products to be delivered, while the delivery points (school canteens) which our logistics vehicles needed to travel to had decreased. Thus, our delivery obligations could be fulfilled with less frequent deployment of our vehicles, leading to a lower utilisation rate for FY2021.

As at 30 April 2022, the number of our logistics vehicles rose to more than 140. Out of these logistics vehicles and considering our vehicles have life span of approximately ten years under normal usage and fair wear and tear, approximately 53.1% has a residual lifetime of up to three years, 4.1% has a residual lifetime of more than three years and up to six years, and 42.8% has a residual lifetime of more than six years (equivalent to 42.8%, 4.1% and 53.1% of our self-operated vehicles having used age of up to four years, more than four years and up to seven years, and more than seven years, respectively).

Logistics arrangements

Upon receiving orders we place, our domestic suppliers will arrange at their own cost for the delivery of products to our designated warehouses. It typically takes two to five days for our domestic suppliers to deliver our orders to our designated warehouses.

For our overseas suppliers, they will arrange for delivery of products to the Malaysia shipping port, which general takes one to three months. Our shipment management personnel will closely keep track of the various shipments from suppliers in different countries and arrange for receipt.

Liability, risk and title of the ordered products lie with the suppliers until arrival and receipt of the products at our warehouses (for domestic suppliers) or until the products are loaded onto the vessel (for overseas suppliers). For details about our insurance policy against certain risks such as fire and water damage to our products, please refer to the paragraphs headed “Insurance” below in this section.

For delivery of products to our customers, we generally deploy our own logistics vehicles. Our customers generally instruct us to deliver the products they have ordered to multiple and specific destinations, and may require same-day or short-notice delivery services. To ensure the ordered products reach our customers within the required time frame, our logistics and warehouse management team rigorously executes the logistics arrangements and arranges transportation for delivery of products.

When some of our logistics vehicles are not fully loaded for a particular delivery, we may render delivery services to our suppliers where we utilise the spare capacity of our logistics vehicles to deliver products to their customers. Generally, the distribution agreement entered into between us and our suppliers for distribution of their products separately provides for our delivery service. Under the general arrangements of our delivery services, our obligation is to deliver products to the premises designated by our suppliers. When our services are required, our suppliers may issue a delivery order to us, specifying items to be delivered, quantity, delivery address, delivery date, etc. We will issue a credit note to the supplier and charge a delivery fee each time we render services to them. Our revenue from such services is recognised over time upon the performance obligation, namely the completion of the said delivery order of our suppliers.

Furthermore, during the Track Record Period, while we directly deal with Third-Party Brand owners in respect of the supply of products, we also engaged independent service providers separately for certain logistics arrangements, such as (i) clearance of overseas shipments and port-to-warehouse delivery (the expenses for which amounted to approximately RM1.3 million, RM2.1 million, RM2.6 million and RM0.9 million for FY2019, FY2020, FY2021 and 4M2022, respectively) and (ii) warehouse-to-customer delivery, when our vehicle utilisation rate is almost full and/or the required delivery destination is not geographically covered by our usual delivery area (the expenses for which amounted to approximately RM1.5 million, RM1.9 million, RM2.4 million and RM1.1 million for FY2019, FY2020, FY2021 and 4M2022, respectively).

To ensure that our products are transported under proper conditions, we typically inspect the logistics vehicles transporting our products before they depart from our warehouses and require that the transportation service providers follow appropriate storage and transportation procedures.

OUR PROCESSING FACILITIES

For some of our Own Products, such as frozen food, honey, sugar and salt, we would process (including freezing, packaging and labelling) raw materials purchased in bulk at our processing facilities. As at 30 April 2022, we operated processing facilities with a total area of approximately 1,000 sq.m. at our Kuantan WH (HQ) and Puchong WH I.

Our processing machines and equipment

Our processing machines and equipment predominantly include a quick freezing machine, a bottling machine and a labelling machine, a filling machine and other processing machines, which are mainly utilised for processing frozen food, salt, honey, sugar, beans and oatmeal. We have comprehensive repair and maintenance procedures for our processing machines and equipment, including regular inspection and cleaning to ensure our processing lines run properly. The average life span of our machines and equipment is approximately ten years under normal usage and fair wear and tear. During the Track Record Period, we had not experienced any material or prolonged interruption to our processing lines due to equipment or machine failure.

FOOD SAFETY AND QUALITY ASSURANCE

We are committed to maintaining food safety and providing high quality products to our customers and end consumers. We have maintained all the relevant and required licences, certificates and permits in relation to our product quality and safety control systems for our warehouses and processing facilities. As at 30 April 2022, we had 29 designated food safety staff to implement our own food safety and quality assurance procedures and ensure the quality standards of our suppliers. As confirmed by our Malaysian legal advisers, liability in relation to food safety including that of third party brands can lie on any persons preparing, selling, packaging, labeling or advertising the food, which can inter alia include that of the retailer, the distributor, the manufacturer or the supplier, depending on the type of offence committed in relation to food safety. As confirmed by our Directors and our Malaysian Legal Advisers, our Group had neither experienced any material adverse publicity on food safety and foodborne illness concerns nor was subject to any investigation regarding the hygiene of our products during the Track Record Period and up to the Latest Practicable Date. Our Directors therefore believe that we have a rigorous and effective food safety and quality control system in place.

We have implemented the following food safety and quality assurance policies and procedures throughout our distribution chain:

(i) **Sourcing and procurement:** Our procurement team performs evaluations on prospective suppliers and takes into account factors including their industry experience and reputation, and require them to provide health certificates, inspection reports and relevant qualifications relating to their products issued by the relevant government authorities or recognised authorities or institutions, before making any purchase from them. Suppliers which have entered into supply agreements with our Group undertake/are obliged to comply with their local laws, rules and regulations, in particular local health and safety standards. During the Track Record Period and up to the Latest Practicable Date, there had not been any material issue or dispute concerning product safety and liability arising from the supply of unsafe products from our suppliers.

(ii) **Inventory and storage management:**

(a) Upon arrival of products at our warehouses, we inspect the expiry dates, quantities and appearance of the products to ensure compliance with our requirements and that the products are in proper packaging and in good condition for sale.

(b) In respect of storage management, we categorise our products according to their storage requirements, such as the recommended storage temperature, and store them in their designated storage areas in our warehouses. We closely monitor the temperature therein so as to ensure the temperature shall not be higher than the optimal storage temperature of the products.

(c) To reduce the risk of machine and equipment failure, we regularly arrange for external inspection and servicing of our cold storage facilities and carry out regular pest control measures in our warehouses.

(d) We have utilised the ERP system and implemented a first-in-first-out policy in our inventory management to minimise unnecessary write-off of our products. To minimise the risk of obsolescence of our inventory, we may provide to our customers sales discounts and other concessionary offers when a particular Own-Brand Product is close to its expiry date. For Third-Party Brand Products, we may also provide similar sales discounts and offers upon consultation with our suppliers. For any damaged products that are unsold, returned or expired, we would dispose of such products or return them to the relevant supplier to ensure that no unfit product will be supplied to our customers.

(e) We closely monitor and supervise our warehouse and logistics service providers' performance to ensure our products are properly stored, managed and delivered under proper conditions.

(iii) Our processing facilities

All our operations meet the requirement of applicable Malaysia laws and regulations in relation to food and product safety. We implement strict and comprehensive measures in our processing facilities to reinforce sanitation and hygiene in our facilities, such as mandating our staff to wear uniforms, regularly inspect the function and level of hygiene of our processing equipment and perform maintenance and cleaning if necessary.

(iv) Logistics

Our fleet of cold storage logistics vehicles maintain the temperature of food products within the required range and are regularly cleaned to maintain high standard of food hygiene. All our cold storage logistics vehicles are subject to regular maintenance and servicing works.

OUR INVENTORY MANAGEMENT

Inventory policy

Our inventories mainly comprised Third-Party Brand Products we purchased from international and domestic brand owners or distributors, our Own-Brand Products we purchased from our OEM suppliers; and raw materials such as frozen seafood, meat, honey and salt for further processing before sale as our White-Label Products and relevant packaging materials. Our business model involves mass storage and stocking of a wide range of products and raw materials that have specified shelf life in our 12 warehouses as at 30 April 2022 in various regions in Malaysia. An effective and sound inventory management is therefore of vital importance for avoiding obsolescence or overstocking of our inventory, while maintaining the variety and quality of our products. Our Directors believe that successful inventory management generally entails (i) constant monitoring of inventory level; (ii) proper cold storage warehousing; and (iii) stringent food safety and quality assurance system of our products.

Our Group reviews our inventory level on an on-going basis in order to procure products from our suppliers on a timely basis to maintain in our various warehouses a specific level of inventory for each product determined based on the (i) records of historical orders made by our customers and (ii) sales projection derived from our customers' preferences and market trend; and to identify both popular and obsolete or slow-moving products.

In order to maintain accurate inventory records, we conduct monthly stocktaking of fast-moving stock items and our auditors conduct annual stocktaking of all stock items to ensure the actual inventory level matches the information stored in our ERP system. As confirmed by our Directors, there had not been any material discrepancy between the monthly and annual stocktaking and the inventory records kept by our ERP system during the Track Record Period.

If there are sufficient stocks available, our procurement and warehouse management team will collect the products from our warehouses, conduct quality checks and arrange for delivery to our customers within the next business day or such other date as specified by our customers. With the aid of our ERP system, we generally have sufficient stocks in our warehouses to meet the orders of our customers. If the stock level cannot fulfil the orders due to large demand, our procurement team may source and procure the required products from our suppliers.

Furthermore, our Group takes a first-in-first-out approach to handle our stocks. Those products which are delivered to our warehouses earlier in time will be sold to customers first. Such approach minimises the chance of deterioration and obsolescence of products. Our procurement and warehouse management team also conducts manual sample checks on a monthly basis to ensure our consumable inventory have sufficient shelf life before we distribute to our customers. We may offer price reduction for products which will expire shortly. We also dispose of damaged products that are unsold, returned or expired.

We usually review and adjust our inventory level in advance in order to accommodate any anticipated increase or decrease in demand for our products to avoid supply shortage or overstocking and obsolescence. We also make procurement in large quantities on each occasion and on an ongoing basis, taking into account the lead time between ordering and actual delivery of products by our suppliers. By purchasing in large quantities, we can reduce our overhead expenses such as administrative and logistics costs.

Our Directors believe that throughout the Track Record Period we had managed our inventory at a reasonable level based on our historical sales and the assessment by our management team, which minimised storage space and carrying costs, enhanced working capital efficiency and reduced the risk of deterioration of products while in storage, which is especially important to our food safety and quality assurance policies.

IMPACT OF COVID-19 ON OUR BUSINESS AND OPERATION

The first confirmed case of COVID-19 in Malaysia was reported in late January 2020. To contain the COVID-19 outbreak, since March 2020, the Malaysia government imposed certain measures across the nation including the "Movement Control Order" ("**MCO**") and "Conditional Movement Control Order" ("**CMCO**") from time to time. Under the MCO, most kindergartens, schools and universities, and most government and private premises except for essential services, to different extent, have to be closed; and the public is prohibited from attending mass gathering or massive events and need to stay at home. Other measures such as travel restrictions and 14-day quarantine for travellers or returnees from affected regions, whether infected or not, were imposed.

For further information about the situations of COVID-19 in Malaysia in a more detailed manner, please refer to the paragraphs headed "Regulatory Overview – 8. COVID-19 Related Disclosure".

The Malaysian government has further revised on the standard operating procedures in Malaysia where more relaxations are implemented and came into effect on 1 May 2022. In particular, all businesses are allowed to operate from 15 May 2022.

According to the F&S Report, the outbreak of COVID-19 in 2020 has caused visible impacts on the overall macroeconomy of Malaysia. Along the gradual control of the pandemic and recovery of the economy, it is expected that both nominal GDP and per capita nominal GDP will increase. However, uncertainties of COVID-19 and the tight measures to combat COVID-19 such as re-lockdown, travel and transportation restriction may further impede the steady recovery of the economy.

Although some of our employees, office staff in particular, were required to work from home from time to time under the pandemic, they were able to provide the necessary support to other departments through electronic means, and we had not encountered any material difficulty in relation to working arrangements arising therefrom. Our employees were able to discharge their duties as usual. There was no material disruption in our administration, management and business operations.

Moreover, according to the F&S Report, as a result of the outbreak of COVID-19, many retailers and other market players in the F&B market in Malaysia are expecting higher hygiene standards in relation to the facilities of their suppliers, particularly the cold chain facilities (such as cold storage facilities and refrigerated vehicles) and also processing facilities, which involve the storage and processing of temperature-sensitive products such as frozen meat and frozen seafood and other F&B products. As a result, whether the cold chain facilities of a supplier meet the relevant hygiene and safety standards and requirements has risen to become one of the key factors considered by the F&B market players in their process of choosing suppliers.

Notwithstanding the above negative impact, our Directors believe that the F&B market in Malaysia was less affected by the outbreak of COVID-19 pandemic as due to the MCO or CMCO and the resultant social distancing measures, more people have meals at home and reduce social activities. Hence, our financial performance could maintain stable growth amid the ongoing COVID-19 pandemic for FY2020 and FY2021. For FY2020, representing the period comprising a period of ten months which had been affected by the outbreak of COVID-19, our revenue increased by approximately 13.5% as compared with FY2019, and our revenue for FY2021 further increased by approximately 18.4% as compared with FY2020. Our Directors therefore expect that the COVID-19 pandemic would not have any material adverse impact on our Group's financial performance.

Sustainability of our Group's business operation

Notwithstanding the adverse impacts to the (i) overall economy of Malaysia; and (ii) the F&B distribution market due to the ongoing COVID-19 pandemic and its local resurgence, our Directors are confident that the business operation of our Group will remain sustainable for the following reasons:

(i) *There was no material disruption in the sales of our products*. Since the outbreak of COVID-19 pandemic and as at the Latest Practicable Date, we did not experience any material cancellation of orders, with respect to all of our products from our customers. The sales of our products to HORECA and school canteens for FY2020 decreased by approximately RM9.7 million in aggregate as compared to FY2019 due to the reduction of social activities, particularly, social dining and temporary school closure. Nevertheless, our sales to retail chains and channels including hypermarkets and supermarkets, provision shops and convenience stores and kiosks improved significantly as compared to FY2019, with an increase of approximately RM56.2 million in aggregate. Overall, the sales of our F&B products increased to approximately RM497.8 million for FY2020 from approximately RM451.2 million for FY2019, and further increased to approximately RM592.9 million for FY2021 and increase to approximately RM238.7 million for 4M2022 from approximately RM192.7 million for 4M2021. Hence, the Directors consider that the COVID-19 outbreak did not have material adverse impact on the sales of our products.

(ii) *There was no material disruption in the distribution of products.* As at the Latest Practicable Date, our Group distributed products under approximately 140 international brands originated in different countries such as the United Kingdom, New Zealand, the United States and Japan, which are also affected by the outbreak of COVID-19. To the best knowledge and information of our Directors pursuant to their discussions with the relevant suppliers, the production of these F&B products, which are mainly daily necessity products, was generally allowed to be continued and therefore had not been significantly affected by the outbreak of COVID-19. Since the outbreak of COVID-19 and up to the Latest Practicable Date, our Group had not encountered any difficulty in placing orders with our suppliers nor any material delay or disruption in the supply of the products ordered from our suppliers due to any operation suspension of our suppliers or transportation restrictions. Since the outbreak of COVID-19 and up to the Latest Practicable Date, none of our major suppliers had expressed any material difficulties in meeting our Group's purchase demands or delivery schedules because of the outbreak of COVID-19. Nevertheless, we will maintain regular communication with our suppliers to keep updated of the status of their operations. Taking advantage of the broad portfolio of products offered by us, in the event that supplies of certain products from our suppliers are temporarily disrupted, we shall revise our business and marketing strategies accordingly and consider reallocating resources to promote other available products to minimise the relevant impact on our business operation.

(iii) *Change in end consumers' purchase pattern.* To lower the frequency of going out for groceries shopping during the COVID-19 outbreak, end consumers tend to purchase F&B products which have longer shelf lives, such as frozen food, and often in large quantities. As the purchase pattern of end consumers had changed amid COVID-19 in favour of the major product types we distributed such as frozen food, our sales of such products had increased and our Directors believe the COVID-19 outbreak did not have a material adverse impact on our results of operations.

(iv) *Our Group has maintained adequate levels of inventory.* Our Directors confirmed that our Group has maintained its policy amid the ongoing COVID-19 pandemic to keeping approximately one month of inventory based on the anticipated sales of the following three months to reduce the risks of possible disruptions to the global supply chain and its business operations, and had experienced no material inventory shortage or obsolescence since the outbreak of COVID-19 and up to the Latest Practicable Date that resulted in any material adverse impact on our Group's results of operations. Our Directors will closely monitor the inventory level of our Group's products and adjust the procurement plan accordingly.

(v) *Our Group was allowed to continue our operation when the MCO, CMCO or RMCO was in force*. While the MCO, CMCO or RMCO was in force from time to time since March 2020, some industries in Malaysia had to be suspended due to the various social distancing measures and lockdown measures. However, owing to the nature of our business that engages in the distribution and warehousing and logistics management with a focus on F&B products, we were allowed to continue our business operation. Moreover, we engaged in processing (including freezing, filling, bottling and labelling) of our Own Products. Amid the ongoing COVID-19 pandemic, our employees were able to return to work and thus our operation was not affected by the MCO or other tough measures in Malaysia. Further, with the transitioning from "Recovery Phase" into "Endemic Phase" and the re-opening of the borders of Malaysia starting from 1 April 2022, all economic activities in Malaysia are allowed to open, without any limitation on the number of people allowed in public gatherings imposed. Besides, individuals may enter into premises regardless of their vaccination status, however if they are COVID-19 positive, or under a home surveillance order, they will be prohibited from entering the premises.

(vi) *There was no material disruption in the delivery of our Group's products to its customers.* The shipments and freight transportation of our F&B products to Malaysia are prioritised. Hence, the transportation of products to our warehouses and our onward delivery of the F&B products to our customers were not materially and adversely impacted by the MCO or lockdown measures implemented by the export countries and the Malaysia government. During FY2019, FY2020 and FY2021, our average inventory turnover days remained relatively stable in a gradual decreasing trend. During the Track Record Period and up to the Latest Practicable Date, our Group had experienced no material logistical difficulty in delivering our products to our customers through its different sales channels.

(vii) *Health and safety measures have been implemented.* Since the outbreak of the COVID-19 pandemic and up to the Latest Practicable Date, there had not been any instance of temporary closure of warehouses which also serve as our distribution centres or staff shortage attributable to the ongoing COVID-19 pandemic and its resurgence in Malaysia. As at the Latest Practicable Date, our Group has implemented the following precautionary measures to safeguard the health and safety of our Group's employees:

(a) requiring all staff to wear a surgical mask at all times at work;

(b) minimising sales staff relocation between warehouses; and

(c) providing protective masks and sanitising products at our Group's office, warehouses and processing facilities.

Since most of our precautionary measures for safeguarding the health and safety of our employees and the food safety of our products were implemented before the outbreak of COVID-19 as our general policy, we had only incurred additional expense of approximately RM60,000, which accounted for (i) hiring additional cleaning services for our warehouses, processing facilities and offices and (ii) bulk purchase of protective masks, hand sanitisers, digital thermometers and cleaning supplies, all of which are for better hygiene and sanitation.

(viii) *Expansion plans.* The COVID-19 outbreak may have negative impact on our expansion plans. We canceled or suspended business trips to visit potential customers as a result of the MCO and other mandatory quarantine measures and reduction of international flights. In addition, due to the strengthened travel restrictions, traveling overseas may incur additional costs and take a longer time. As such, our geographic expansion is slightly affected.

Based on the discussion above, our Directors are of the view that the COVID-19 outbreak had not had any material adverse impact on our business operation and financial position as of the date of this prospectus. For details, please see the paragraph headed "Risk Factors – Risks Relating to Our Business – Our business and operations may be materially and adversely affected if the global COVID-19 prolongs or any new variant of the COVID-19 pandemic develops" in this prospectus.

Our business contingency plan

Our Group has implemented certain business contingency plans to ensure the supply chain of products would not be disrupted due to the outbreak of COVID-19. We maintain frequent communications with our major suppliers to ensure that their operation was not disrupted. To ensure effective communication between us and our suppliers, physical meetings between our Group and our suppliers would be replaced by digital meetings. Moreover, we would pay more attention to the collection of receivables and payment of payables, and actively explore external financing opportunities to manage our liquidity position.

We plan to further strengthen the sales of our Own Products. According to the F&S Report, the outbreak of COVID-19 pandemic has led to an increasing trend for customers or end consumers to source F&B products from local markets which have a lower suggested retail price and are more accessible whereas imported products would take a longer time in transportation due to the border control, strict inspection measures and quarantines implemented in both exporting countries and Malaysia. Our Directors believe that this would in turn help boost the demands for our Own Products. To this end, we plan to source more of our Own-Brand Products or raw materials for our White-Label Products from local suppliers and further develop our Own Products and at the same time, expand our warehousing capability and processing facilities, particularly our cold storage capability for frozen seafood and meat etc, to cater for the increase in demand for our Own Products in the future.

COMPETITION

There are various entry barriers for new market players to enter the F&B distribution industry in Malaysia. According to the F&S Report, these include the need to obtain a large number of specific licenses, significant capital investment to set up comprehensive logistics network and the need to have long-term and recurring relationships with customers and suppliers.

Please refer to the section headed "Industry Overview" in this prospectus for further information on the competitive landscape of the F&B distribution industry in Malaysia.

EMPLOYMENT

As at 31 December 2019, 2020, 2021 and 30 April 2022, our Group had a total of 656, 699, 761 and 743 full-time employees serving various functions. The table below provides a breakdown of our employee number by function as at the specified dates:

Function	Number of Employees(Note)			
	As at 31 December			As at 30 April
	2019	2020	2021	2022
Directors and Management	7	7	7	6
Finance	43	45	40	39
Procurement	109	110	98	104
Processing	13	11	12	10
Warehouse and Logistics management	197	222	255	244
Sales	279	293	338	330
Marketing	1	3	3	3
Human Resources	4	5	6	5
Information technology	3	3	2	2
Total	656	699	761	743

Note: As at 31 December 2019, 2020, 2021 and 30 April 2022, our Group employed 608, 657, 733 and 729 local workers and 48, 42, 28 and 26 foreign workers in Malaysia respectively.

Recruitment

In addition to inviting job applications on our website, we generally recruit our employees from the open market by placing recruitment advertisements and posting job listings on local newspapers or employment websites. Our Group values human resources and assesses the available human resources on a continuous basis to determine whether additional personnel are required to cope with our business operations and developments. Newly recruited employees are required to undergo a probation period after which they will become our full-time employees, provided that we are satisfied with their performance during the probation period.

During the Track Record Period, our Group had not experienced any significant difficulties in recruiting employees.

Employee's remuneration and benefits

It is essential to our business development and growth to recruit and retain experienced and skilled labour. To achieve that, we offer competitive remuneration package to our employees, which includes basic salaries, allowances, retirement benefit schemes contributions and discretionary bonuses. The basic salaries of our employees are generally determined by the employee's seniority, position, qualification, working experience and performance. Discretionary bonuses may be paid on an annual basis, depending on the length of services and performance of individual staff and the financial performance of our Group in the preceding year. We also have in place incentive and commission schemes to mainly motivate our sales team, which helps align employees' personal goals with our Group's overall business objectives and hence improve staff performance and commitment. We assess our remuneration package annually to determine whether any adjustments should be made. During the Track Record Period, our staff costs amounted to approximately RM24.8 million, RM32.2 million, RM34.0 million and RM11.9 million, respectively. For further details, please refer to the section headed "Financial Information" in this prospectus.

Our Directors confirm that our Group's relationship with our employees is satisfactory in general. Our Directors believe that the management policies, working environment, career prospects and benefits extended to our employees have contributed to building and reinforcing good employee relations and loyalty. During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any significant labour disputes, and no labour union was established by our employees.

Training

Newly recruited employees are required to receive on board training, on-site production advice and on-the-job coaching aiming to equip them with the right sets of skills to perform the relevant job duties and obligations. In order to ensure that our Group's policies and standards stay abreast of the latest industry practice and developments, we also proactively encourage our employees in different positions to undertake continuous learning and training. For instance, we provide our employees courses in relation to product and service quality assurance, induction training on warehouse and hygienic control, risk analysis, and internal, external and management control. We assess the training programmes taken by our employees on an annual basis to determine whether such programmes are in line with the industry standards. As part of our corporate governance mechanism, we also monitor organisation behaviors and work culture to maintain a healthy, friendly and productive working environment.

INSURANCE

Since our business model involves mass storage and stocking of a significant number of products in our warehouses, they are subject to the inherent risks of unexpected loss and damage. To reduce our exposure to the effects of such risks, we have purchased insurance for our products. Our insurance coverage includes fire damage insurance, burglary insurance, goods in transit insurance, deterioration of stocks insurance, consequential loss insurance, money insurance, purchase credit insurance, motor vehicle insurance, machinery breakdown insurance, electronic equipment insurance, office insurance and public liability insurance. During the Track Record Period, we had incurred insurance expenses of approximately RM0.8 million, RM1.2 million, RM1.1 million and RM0.4 million, respectively.

Our Directors believe that our insurance coverage is in line with the general coverage in the F&B distribution industry and is adequate for our business operations. Nevertheless, as our business continues to expand, we will continue our practice of reviewing our insurance policies from time to time for adequacy in the breadth of coverage. As at the Latest Practicable Date, we had not made nor been the subject of any material insurance claims. However, our business operations are susceptible to potential losses caused by a wide range of business disruptions and we may not be fully indemnified for our losses under our current insurance coverage. Please refer to the section headed "Risk Factors – Risks relating to our business – Our insurance coverage may not be sufficient to cover all losses or potential claims by our customers which would affect our business, financial condition and results of operations" in this prospectus for more details.

HEALTH AND OCCUPATIONAL SAFETY

Our Group strives to create and sustain a healthy and safe working environment for our employees. We have provided our employees with guidance and training on work safety laws and regulations from time to time to ensure that our employees are well acquainted with our safety procedures and policies. In particular, we have implemented internal training programs and a workplace health and safety memorandum, through which our Group educates and reminds our employees of the importance of and the correct practices for health and safety in the workplace. Furthermore, we have implemented a number of internal work safety requirements. In respect of cold storage facilities, for instance, we have provided proper work uniform and equipment, such as layered clothing, gloves with gripping adhesives and steel toe boots with non-slip soles to our employees. Our Group believes that high standards in these areas do not only protect our employees from injuries, but also mitigate our Group's risk of loss and enhance our competitiveness and employee loyalty and commitment.

Our administration and human resources department has designated personnel to record and follow up on any injuries of our employees that have occurred in the course of their employment, so as to ensure insurance claims and treatments are effectively pursued to protect our employees and our Group. During the Track Record Period, there had not been any major injuries of our employees that would have caused a material adverse impact on the business, operations or financial performance of our Group.

ENVIRONMENTAL MATTERS

Due to the nature of our business, our Group's operational activities do not directly generate industrial pollutants, and as such our Group had not directly incurred costs of compliance with applicable environmental protection rules and regulations during the Track Record Period. As at the Latest Practicable Date, our Group had not come across any material non-compliance issues in respect of any applicable laws and regulations on environmental protection. Therefore, our Directors expect that our Group will not directly incur significant costs for compliance with applicable environmental protection rules and regulations in the future.

PROPERTIES

As at the Latest Practicable Date, our Group owned eight warehouses on 10 lots of land, two vacant properties and rented four warehouses on five lots of land in Malaysia. We have entered into a sale and purchase agreement on 11 March 2022 for the acquisition of all that piece of land held under PN 8750 No. Lot 4841 Mukim Cenering, Daerah Kuala Terengganu, Negeri Terengganu with postal address at MBKT – PT 2980 (4841), Kawasan Perindustrian Chendering, Chendering, 21080 Kuala Terengganu, Terengganu with an estimated 7,800 sq metres approximately of built-up area to be used as warehouse and office. The said sale and purchase is expected to complete in or about three months from the date when the state authority's consent is obtained. For further information, please refer to the paragraphs headed "Our warehouses – Recent acquisition" in this section.

Owned properties

The following table summarises the information regarding our owned properties in Malaysia as at the Latest Practicable Date that are used as our warehouses, processing facilities and/or offices or for future business development:

	Address	Warehouse	Use of the property	Built-up area *approximately* *sq.m.*
1.	Lot 147A, Kawasan Perindustrian Semambu, 25300 Kuantan, Pahang Darul Makmur, Malaysia	Kuantan WH (HQ)	Warehouse, processing facilities and office	6,630
2.	PT 2986, Kawasan Miel Chendering, Jalan Permint Jaya, 21080 Kuala Terengganu, Terengganu Darul Iman, Malaysia	Kuala Terengganu WH I(A)	Warehouse and office	1,130
3.	S/44, PT 2458, No. 4941, Jalan Padang Tembak, 16100 Kota Bharu, Kelantan Darul Naim, Malaysia	Kota Bharu WH	Warehouse and office	2,900

	Address	Warehouse	Use of the property	Built-up area *approximately sq.m.*
4.	No. 11, Jalan Lombong Emas 13, Kawasan Perusahaan Ringan, Jalan Tun Dr Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia No. 13, Jalan Lombong Emas 13, Kawasan Perusahaan Ringan, Jalan Tun Dr Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia	Seremban WH I	Warehouse and office	1,390
5.	No. 6, Jalan TPP 5/8, Taman Perindustrian Puchong Batu 12, 47130 Puchong, Selangor Darul Ehsan, Malaysia No. 8, Jalan TPP 5/8, Taman Perindustrian Puchong Batu 12, 47130 Puchong, Selangor Darul Ehsan, Malaysia	Puchong WH I	Warehouse, processing facilities and office	3,480
6.	No. 7, Jalan Ekoperniagaan 1/9, Taman Ekoperniagaan, 81100 Johor Bahru, Johor Darul Takzim, Malaysia	Johor Bahru WH	Warehouse and office	830
7.	Lot 19384, Jalan Dagang 2, Taman Perindustrian Temerloh, 28400 Mentakab, Pahang Darul Makmur , Malaysia	Mentakab WH	Warehouse and office	1,730
8.	No. 812-D, Jalan Perusahaan 10, Taman Bandar Baru, 05150 Alor Setar, Kedah Darul Aman, Malaysia	Alor Setar WH	Warehouse and office	2,520
9.	Lot 57883, Gong Badak Industrial Estate, 21300 Kuala Terengganu, Terengganu Darul Iman, Malaysia	–	Vacant (expected to be used for future business development)	*(Note 1)*
10.	H.S.(D) 19178, PT No. 19377, Mukim Mentakab, District Temerloh, Pahang Darul Makmur, Malaysia	to be used for future development	Vacant (with a primary intention to be used for office and warehouse in Eastern Peninsular Malaysia for future business development)	*(Note 2)*

Notes:

1. The land area is measured at 6,443 sq.m.

2. The built-up area of the land is to be determined. The land area is measured at 3,201 sq.m.

Leased properties

The following table summarises the information regarding our leased properties in Malaysia as at the Latest Practicable Date:

	Address	Warehouse	Function	Built-up area of property *approximately sq.m.*	Lease Period
1.	Lot 24670, Kawasan Perindustrian Gong Badak, Jalan Gong Badak, 21300 Kuala Nerus, Terengganu, Darul Iman, Malaysia Lot 24671, Kawasan Perindustrian Gong Badak, Jalan Gong Badak, 21300 Kuala Nerus, Terengganu Darul Iman, Malaysia	Kuala Terengganu WH II	Warehouse and office	800	1 March 2020 – 28 February 2023
2.	No. 25, Jalan Lombong Emas 13, Kawasan Industri Ringan, Jalan Tun Dr. Ismail, 70200 Seremban, Negeri Sembilan Darul Khusus, Malaysia	Seremban WH II	Warehouse and office	290	1 January 2022 – 1 January 2024
3.	1169, Lorong Perindustrian Bukit Minyak 17, Taman Perindustrian Bukit Minyak, 14100 Simpang Ampat, Seberang Perai Tengah, Pulau Pinang, Malaysia	Perai WH	Warehouse and office	1,570	1 November 2020 – 31 October 2023
4.	Lot PT 122352 (HSD 44589) Lot Baru 153226, Jalan Industri Semambu 10/5, 25300 Kuantan, Pahang Darul Makmur, Malaysia	Kuantan WH II	Warehouse and office	1,470	1 October 2020 – 30 September 2023

Our Directors do not foresee any significant difficulties or impediments in renewing the relevant leases upon their expiration. Please refer to the paragraphs headed "Our warehouses" above in this section for further details.

INTELLECTUAL PROPERTY

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any proceedings with regard to, and we had not received notice of any claims of, infringement of any intellectual property rights that may be threatened or pending in which we may be involved either as a claimant or respondent.

For details of our intellectual property portfolio, please refer to the paragraphs headed "Statutory and general information – B. Further information about the business of our Group – 2. Intellectual property rights of our Company" in Appendix IV to this prospectus.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activities, and our Directors had no pending plans to engage in any research and development activities in the foreseeable future.

LICENCES, CERTIFICATES AND PERMITS

As advised by our Malaysian Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, our Group had obtained and held all necessary approvals, permit, consents, licenses and registrations required for our business and operations in Malaysia, and that all of them remain in force save and except for some licenses that are currently in the process of renewal. The following table sets out the details of our major licences, certificates and registrations as at the Latest Practicable Date which are necessary for our operations:

Granted under Lembaga Kemajuan Ikan Malaysia Act 1971 and Fish Marketing Regulations 2010

Licence/permit/approval	Holding entity(ies)	Issuing authority	Date of commencement	Date of expiry
Import Licence – Processed Fish	Soon See Beng, SCCM Pahang	Fisheries Development Authority of Malaysia	August 2021	November 2022 (application for renewal will be made)
Wholesale Licence	Soon See Long, SCC Seafood	Fisheries Development Authority of Malaysia	August 2021	September 2022 (application for renewal will be made)

Granted under Control of Supplies Act 1961 and Control of Supply Regulations 1974

Licence/permit/approval	Holding entity(ies)	Issuing authority	Date of commencement	Date of expiry
Retail License – Sugar, Cooking Oil & Flour	SCC Seafood	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	27 June 2018	26 June 2023
Wholesale License – Cooking Oil	SCCM	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	25 January 2022	24 January 2025
Wholesale License – Cooking Oil	SCCM	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	23 December 2021	22 December 2022 (application for renewal will be made)

Licence/permit/approval	Holding entity(ies)	Issuing authority	Date of commencement	Date of expiry
Wholesale License – Cooking Oil	CCH	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	5 May 2018	4 May 2023
Retail License – Sugar, Cooking Oil & Flour	CCH	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	27 July 2021	26 July 2024
Wholesale License – Cooking Oil	SCC Seafood	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	20 January 2022	19 January 2023
Wholesale License – Cooking Oil	SCC Seafood	Ministry of Domestic Trade and Consumer Affairs (Malaysia)	15 January 2022	14 January 2025

Granted under Feed Act 2009 and Feed (Licence to Import Feed or Feed Additive) Regulations 2012

Licence/permit/approval	Holding entity(ies)	Issuing authority	Date of commencement	Date of expiry
Import Licence	SCCM	Ministry of Agriculture and Agro-based Industry	1 January 2022	31 December 2022 (application for renewal will be made)

Granted under Feed (Manufacture and Sale of Feed or Feed Additive) Regulations 2012

Licence/permit/approval	Holding entity(ies)	Issuing authority	Date of commencement	Date of expiry
Certificate of Feed or Feed Additive Seller Registration	SCCM	Ministry of Agriculture and Agro-based Industry	6 December 2021	6 December 2022 (application for renewal will be made)

Granted under Food Act 1983 and Food Regulation 1985

Licence/permit/ approval	Holding entity(ies)	Business Address	Issuing authority	Type of business	Date of commencement	Date of expiry
Food Premise Registration Slip	Chop Chin Huat	Alor Setar WH	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	29 January 2022	29 January 2025
Food Premise Registration Slip	Chop Chin Huat	Perai WH	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	24 November 2021	24 November 2024
Food Premise Registration Slip	SCCM	Puchong WH I	Ministry of Health	P1 – Premise where food is manufactured	30 November 2021	30 November 2024
				P3 – Premise where food is prepared, processed, stored and served for sale	29 November 2021	29 November 2024
Food Premise Registration Slip	SCCM	Seremban WH I	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	29 November 2021	29 November 2024
Food Premise Registration Slip	SCCM	Johor Bahru WH	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	29 January 2022	29 January 2025
Food Premise Registration Slip	SCCM Pahang	Mentakab WH	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	29 January 2022	29 January 2025
Food Premise Registration Slip	SCCSB	Kuala Terengganu WH I(A)	Ministry of Health	P3 – Premise where food is prepared, processed, stored and served for sale	13 August 2019	12 August 2022 (application for renewal will be made)
Food Premise Registration Slip	SCCSB	Kuantan WH I (HQ)	Ministry of Health	P1 – Premise where food is manufactured	20 December 2021	20 December 2024
Food Premise Registration Slip	SCC Seafood	Kota Bharu WH	Ministry of Health	P1 – Premise where food is manufactured	17 January 2022	17 January 2025

In Malaysia, the Department of Islamic Development Malaysia and the Islamic Religious Council in the respective states are the responsible authorities to certify any food, goods or services as halal in accordance with the Trade Description (Certification and Marking of "Halal") Order 2011. Pursuant to the Trade Description (Definition of "Halal") Order 2011, to qualify as halal food, any food that is either manufactured, sold or to be consumed must be in accordance to Islamic Laws. As such, our Group has obtained the Certificates of Authentication Halal for our Own Products, details of which are as follows:

Holder	Licence Details	Date of commencement	Date of expiry
SCC Seafood	Distribution of quail meat (frozen and fresh)	1 December 2020	30 November 2022 (application for renewal will be made)
SCC Marketing	Distribution of beef ball	1 December 2021	30 November 2023
SCC Marketing	Distribution of organic soya (less sweet and no sugar)	1 February 2019	31 January 2023
SCC Marketing	Distribution of chicken frankfurter	16 June 2022	15 June 2024
SCC Marketing	Distribution of fried chicken burger; fried beef burger; chicken frankfurter; chicken nugget tempura	1 June 2022	31 May 2024
SCC Marketing	Distribution of chicken nugget	1 December 2021	30 November 2023
SCC Marketing	Distribution of Natural Himalayan White Salt	1 August 2022	31 July 2024
SCC Marketing	Distribution of blackcurrant jam; blackcurrant topping; blueberry jam; blueberry topping; cappuccino spread; cashew nut spread; chocolate spread; durian kaya; green apple jam; green apple topping	1 June 2022	31 May 2024
SCC Marketing	Distribution of garam gunung Himalaya; honey; natural Himalayan pink rock salt; organic cane sugar; organic instant oat; organic rolled oat; pure and raw honey; pure honey	16 June 2021	15 June 2023
SCC Marketing	Distribution of blossom longan honey; organic molasses sugar; psyllium husk; wild flower honey	1 June 2020	31 May 2022 (currently in the process of renewal)

Our Directors confirm that our Group did not experience any material difficulties in obtaining and/or renewing such licences, certificates and permits. Furthermore, our Directors are not aware of any circumstances that would significantly hinder or delay the renewal of such licences, certificates and permits upon their expiration. Therefore, our Directors do not foresee any major difficulties in compliance with such registration that would cause material impacts on our Group's operations and business.

AWARDS AND RECOGNITION

Since the establishment of our Group, we have received a number of awards and recognition in respect of our business management, manufacturing practice and food safety management system. Set out below are some of the major awards and certificates we have obtained in recent years:

Awards or recognition	Awarding body	Year of issue
Sin Chew Business Excellence Awards 2020	Sin Chew Media Corporation Berhad	2020
Superbrands Status (CED)	Malaysia Superbrands Council	2019
Certifications	**Issuing body**	**Expiry date**
MS 1514:2009 – Good Manufacturing Practice (GMP) For Food (First Revision)	SIRIM QAS International Sdn. Bhd.	9 October 2023
MS 1480:2019 – Food Safety According to Hazard Analysis and Critical Control Point (HACCP) System (Second Revision)	SIRIM QAS International Sdn. Bhd.	9 October 2023
ISO 22000:2018 – Food Safety Management Systems – Requirements for Any Organization in the Food Chain	SIRIM QAS International Sdn. Bhd.	9 October 2023

LEGAL PROCEEDINGS & COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there had not been any material or systemic non-compliance of our Group and there were no pending or threatened litigations, arbitrations or claims of material importance against our Group that would have a material or adverse effect on our results of operations or financial condition.

INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. We have engaged an internal control consultant to conduct a review of our internal control system and have implemented (or will implement no later than the Listing) the relevant suggestions proposed by our internal control consultant. Based on its review, from October to November 2020, the internal control consultant conducted an internal control review and recommended remedial actions in relation to the weaknesses or deficiencies identified during the review process, and the management implemented a series of remedial controls based on the comments of the internal control consultant. The internal control consultant conducted a follow-up review from January to May 2021 and confirmed that these rectifications are in place. As our business continues to expand, we will continue to refine and enhance our internal control system to respond to the evolving requirements of our business operations. We will continue to review our internal control system to ensure due compliance with the applicable laws and regulations.

We have decided to adopt the following measures to ensure on-going compliance with the applicable laws and regulations and to strengthen our internal control upon Listing:

(i) our Board will continuously monitor, evaluate and review our internal control system to ensure compliance with the applicable legal and regulatory requirements and will adjust, refine and enhance our internal control system as appropriate;

(ii) our Board includes five independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. Our independent non-executive Directors contribute to the enhancement of corporate value by providing advice and insights based on their extensive administrative experience and specialised knowledge;

(iii) internal control policies and procedures on corporate governance, finance and auditing have been established, setting out the internal approval and review procedures pursuant to which our employees at different departments shall comply with, and the policies and procedures shall be reviewed periodically and approved by the Board;

(iv) our Audit Committee comprising our independent non-executive Directors will provide an independent view of the effectiveness of the financial reporting process, supervise and provide guidance on the internal control and risk management systems of our Group, and oversee the audit process etc.;

(v) our human resources department will review the maximum permitted number of foreign workers regularly and ensure compliance with the relevant laws and regulations in Malaysia in relation to foreign labour, including entry permits, quota, levies and source countries of foreign workers;

(vi) external professional advisers (including Compliance Adviser with effect from Listing) will be engaged to provide professional advice and guidance to our Group to ensure compliance with the Listing Rules and the applicable laws and regulations; and

(vii) if necessary, we may consider appointing external legal advisers as to Hong Kong laws/Malaysian laws to advise us on matters relating to the compliance with the Listing Rules and the applicable Hong Kong laws and regulations.

Based on the above, our Directors are of the view that our Group has taken reasonable steps to establish an internal control system and procedures to enhance the control environment at both the working and management levels, and that the internal control measures are adequate and effective for our business operations.

LIQUIDITY MANAGEMENT MEASURES

Our Group places strong emphasis on our ability to meet financial obligations by accessing readily available cash, funding activities and capital management. During the Track Record Period, we principally financed our operations primarily through cash generated internally from our operations and bank borrowings. Our cash requirements primarily related to our operation and capital expenditures. Our cash and cash equivalents consisted of deposits with banks and cash on hand. During the Track Record Period, we were able to repay our obligations under bank borrowings when they became due. We expect that there will not be any material change in the sources and uses of the cash of our Group upon completion of the Listing and in the future, except that we will have additional funds from the proceeds of the Listing for implementing our future plans as detailed in "Future Plans and Use of Proceeds" in this prospectus.

Our liquidity management focuses on ensuring sufficiency and liquidity of our working capital. Our finance department prepares financial budget and cash flow forecast using standardised assumptions on an annual basis to estimate and project the working capital required for the financial year. Monthly variance analysis is prepared to analyse the actual figures against the forecast with material variations within total context of our Group's operations, which is evaluated by our financial controller and reported to our chief executive officer, who are responsible for monitoring and managing liquidity risk on a continuous basis. A liquidity contingency plan is also in place to guide our management through various liquidity scenarios ranging from minimum cash and liquidity balances to available working capital and operating cost reduction strategies. It assists our Directors to quickly ascertain critical liquidity risk thresholds and predict desired outcomes under normal and extraordinary times. In addition, our Group may from time to time consider negotiating with some of our suppliers for extending the credit terms in order to improve our working capital position. Regarding contracts entered into with our new customers, we would generally negotiate a shorter credit term to further improve our working capital position.

With our liquidity management measures and solutions in place, our Directors believe that we could enhance our cash position, improve our working capital allocation, offer operational transparency and effectively control our liquidity risk.

DIRECTORS

Our Board of Directors consists of eight Directors, comprising three executive Directors and five independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our Group's business. The following table sets out certain information concerning our Directors:

Name	Age	Present Position(s) in our Company	Date of Appointment as Director of our Company	Date of joining our Group	Roles and Responsibilities	Relationships amongst other Directors and senior management
Mr. Soon See Beng	52	Executive Director, chief executive officer and chairman of our Board	14 February 2019	28 March 1995	Responsible for the overall business strategic direction, planning, management and operation of our Group	Member of the Soon Family and brother of the Soon Siblings
Mr. Soon Chiew Ang	45	Executive Director	25 January 2021	8 February 2002	Responsible for overseeing the operation and sales management of our Group	Member of the Soon Family and brother of the Soon Siblings
Mr. Soon See Long	48	Executive Director	25 January 2021	21 January 2002	Responsible for overseeing the operation and sales management of our Group	Member of the Soon Family and brother of the Soon Siblings
Mr. Khoo Chee Siang	45	Independent non-executive Director	14 July 2022	14 July 2022	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Remuneration Committee and member of the Audit Committee and Nomination Committee	N/A

Name	Age	Present Position(s) in our Company	Date of Appointment as Director of our Company	Date of joining our Group	Roles and Responsibilities	Relationships amongst other Directors and senior management
Mr. Ooi Guan Hoe	46	Independent non-executive Director	14 July 2022	14 July 2022	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Audit Committee and member of the Remuneration Committee and Nomination Committee	N/A
Datuk Tan Teow Choon	64	Independent non-executive Director	14 July 2022	14 July 2022	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Nomination Committee and member of the Audit Committee and Remuneration Committee	N/A
Mr. Ngai Wah Sang	64	Independent non-executive Director	14 July 2022	14 July 2022	Providing independent advice to the Board and advising on corporate governance matters	N/A
Ms. Tiong Hui Ling	49	Independent non-executive Director	14 July 2022	14 July 2022	Providing independent advice to the Board and advising on corporate governance matters	N/A

Executive Directors

Mr. Soon See Beng, aged 52, was appointed as our Director on 14 February 2019 and was redesignated as our Executive Director, chief executive officer and Chairman of the Board on 25 January 2021. SB Soon is a director of each of SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and SCC Logistics. He is responsible for the overall business strategic direction, planning, management and operation of our Group.

SB Soon completed his secondary education up to form five and obtained his Malaysian Certificate of Education in December 1988. SB Soon accumulated over 30 years of experience in the F&B distribution industry. After completing his secondary education in 1988, he began working in Swang Chai Chuan, a sole proprietorship established by TO Soon in Malaysia and our predecessor, which principally engaged in the F&B distribution of groceries. In March 1995, he co-founded SCCSB with LS Soon and TO Soon, father of the Soon Siblings, to take up the business of Swang Chai Chuan, and has been the managing director of SCCSB after the passing of TO Soon in February 2002. From June 1996 to January 2013, he went on to expand the business operation of our Group in the distribution of seafood and frozen food products through the acquisition of SCC Seafood and the establishment of SCCM Pahang, SCCM East Coast, SCCM and SCC Logistics. In April 2017, SB Soon and ML Ng acquired shares in Chop Chin Huat for further expansion of our Group's business.

SB Soon was a director or partner of the following entities which were incorporated or registered in Malaysia before their dissolution, expiration or termination:

Name of entity	Nature of business	Date of dissolution	Means of dissolution
Divine Food Sdn. Bhd.	Dormant	3 August 2020	Struck off
Alfa Indah Sdn. Bhd.	Dormant	30 September 2011	Struck off
Pak Su Seafood Restaurant	Restaurant	21 January 2008	Termination
Hor Jiak Seafood Restaurant	Hot food	8 October 2012	Expiration

SB Soon confirmed that there was no wrongful act on his part leading to the dissolution, expiration or termination of the entities above, which were solvent immediately prior to dissolution, expiration or termination, and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution, expiration or termination of these companies.

Mr. Soon Chiew Ang, aged 45, was appointed as an executive Director of our Group on 25 January 2021. CA Soon is a director of each of SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM and SCC Logistics. He is responsible for overseeing the operation and sales management of our Group.

CA Soon obtained his Bachelor of Arts degree with major in marketing in June 1999 and his master degree in business administration in July 2001, both from the University of Hertfordshire.

CA Soon accumulated over 20 years of experience in the F&B distribution industry. Prior to joining the Group, he worked as a management trainee in Kawaguchi Manufacturing Sdn. Bhd., a manufacturer of plastic parts and components, from July 1999 to August 1999. In October 2000, he began working for SCCSB and has been responsible for strategic growth and key account management and acquisition. In February 2002, he became the director of SCCSB, SCC Seafood, SCCM Pahang and SCCM East Coast. In November 2003, he co-founded SCCM with SB Soon and became a director of SCCM. In January 2013, he co-founded SCC Logistics together with SB Soon and SL Soon and became a director of SCC Logistics.

CA Soon was a director or partner of the following entities which were incorporated or registered in Malaysia before their dissolution, expiration or termination:

Name of entity	Nature of business	Date of dissolution	Means of dissolution
EC Way Sdn. Bhd.	Real estate, wholesale and others	13 June 2017	Struck off
Pak Su Seafood Restaurant	Restaurant	21 January 2008	Termination
Hor Jiak Seafood Restaurant	Hot Food	8 October 2012	Expiration

CA Soon confirmed that there was no wrongful act on his part leading to the dissolution, expiration or termination of the entities above, which were solvent immediately prior to dissolution, expiration or termination, and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution, expiration or termination of these companies.

Mr. Soon See Long, aged 48, was appointed as an executive Director of our Group on 25 January 2021. SL Soon is a director of SCC Seafood. He is responsible for overseeing the operation and sales management of our Group.

SL Soon completed his secondary school education up to form two in December 1988.

SL Soon accumulated over 30 years of experience in the F&B distribution industry. In January 1989, after his secondary education, he began working in Swang Chai Chuan, a sole proprietorship established by TO Soon in Malaysia and our predecessor, which principally engaged in the distribution in groceries. SL Soon then worked as the sales director of SCC Seafood since March 2000 and was later appointed as a director of SCC Seafood since 21 January 2002, responsible mainly for the growth of frozen food and food service business of the Eastern Peninsular Malaysia.

SL Soon was a partner of the following entities which were registered in Malaysia before their expiration or termination:

Name of entity	Nature of business	Date of dissolution	Means of dissolution
Pak Su Seafood Restaurant	Restaurant	21 January 2008	Termination
Hor Jiak Seafood Restaurant	Hot Food	8 October 2012	Expiration

SL Soon confirmed that there was no wrongful act on his part leading to the expiration/termination of the entities above, which were solvent immediately prior to dissolution, and he is not aware of any actual or potential claim that has been or will be made against him as a result of the expiration or termination of these companies.

Independent Non-executive Directors

Mr. Khoo Chee Siang ("**Mr. Khoo**"), aged 45, was appointed as the independent non-executive Director of our Group on 14 July 2022. He is the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Mr. Khoo obtained a certificate and a diploma in accounting issued by the London Chamber of Commerce and Industry Examination Board in 1996 and 1997, respectively. He has been a chartered accountant of the Malaysian Institute of Accountants since 2003. He became a member of the Association of Chartered Certified Accountants in May 2003 and has been a fellow member of the association since May 2008.

Mr. Khoo has more than 20 years of experience in corporate finance and business advisory. Between January 2000 to December 2002, he was employed by Morison Anuarul Azizan Chew & Co., an audit firm, and his last held position was an senior audit officer. From January 2003 to June 2004, he worked in Anuarul Azizan Chew Consulting Sdn. Bhd., a corporate advisory company, and his last held position was a senior consultant. From July 2004 to October 2008, he worked in Finmart Alliance Sdn, Bhd, a corporate advisory company, as an associate director and was in charge of corporate finance and business advisory services. From December 2008 to December 2016, he was the executive director of UHY Advisory (KL) Sdn Bhd, a financial and corporate advisory company. He was subsequently appointed in March 2017 as an executive director of SCH Group Berhad, a listed company engaging in the distribution and supply of general industrial products, rental solutions and the manufacturing and distribution of fertilizer, where he was responsible for overseeing the finance and account department and the corporate finance exercise and was re-designated as a non-executive non-independent director in December 2018 until he resigned directorship in December 2019. Since January 2019, he joined Eco Asia Capital Advisory Sdn. Bhd., a corporate finance advisory firm licensed by the Securities Commission Malaysia, as the managing director, to develop and execute business strategies and oversee the financial performance of the company.

Mr. Khoo has also been appointed as independent non-executive directors of various companies listed on Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), including Chin Hin Group Property Berhad (formerly known as Boon Koon Group Berhad) (stock code: 7187), since 5 May 2017; Seers Berhad (stock code: 3009), from 15 May 2018 to 10 December 2020; Green Ocean Corporation Berhad (stock code: 0074), from 18 September 2017 to 19 May 2021; HB Global Limited (stock code: 5187), from 2 September 2020 to 14 June 2021; Joe Holding Berhad (formerly known as GPA Holdings Berhad) (stock code: 7096), from 22 August 2020 to 30 April 2021; and SWS Capital Berhad (stock code: 7186), since 6 January 2021.

Mr. Khoo was a sole proprietor or partner of the following entities which were registered in Malaysia before their expiration:

Name of entity	Nature of business	Date of dissolution	Means of dissolution
KCS House of Consultancy	Internal audit, tax and corporate advisory services	26 July 2008	Expired
Padi House Restaurant	Other eating and drinking sales	16 July 2010	Expired

Mr. Khoo confirmed that there was no wrongful act on his part leading to the dissolution, expiration or termination of the entities above, which were solvent immediately prior to dissolution, expiration or termination, and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution, expiration or termination of these companies.

Mr. Ooi Guan Hoe ("**Mr. Ooi**"), aged 46, was appointed as our independent non-executive Director on 14 July 2022. He is also the chairman of our Audit Committee, and a member of our Nomination Committee and Remuneration Committee.

Mr. Ooi graduated from Universiti Putra Malaysia in August 1999 with a bachelor's degree in accountancy. In June 2011, Mr. Ooi completed an executive education programme co-organised by Harvard Business School and Tsinghua University and obtained a certificate in Private Equity and Venture Capital – China. He is a member of the Malaysian Institute of Accountants since July 2002.

He began his career in May 1999 when he joined Arthur Andersen & Co (merged with Ernst & Young in 2002) as a staff assistant where he was responsible for conducting statutory audit work on public companies and matters pertaining to merger and acquisition exercises and his last held position was a senior associate before he left in October 2002. In November 2002, he joined CIMB Investment Bank Berhad as an executive in the corporate finance department and his last held position was a senior manager before he left in October 2009.

He has since then been involved in providing financial advisory work to listed companies and companies preparing for listing in the Asian region in his own personal capacity. He was appointed as an independent non-executive director of K-Star Sports Limited, a company listed on Bursa Malaysia with stock code 5172, in March 2010 until August 2010. He was later appointed as the non-independent non-executive director of Xingquan International Sports Holdings Limited, a company listed on Bursa Malaysia with stock code 5155, from December 2011 to June 2015. He became the chief financial officer and a member of the management board of Decheng Technology AG, a company listed on the Frankfurt Stock Exchange, in January 2015 and May 2016, respectively, where he was responsible for the initial public offering and finance function, until he left the company in July 2017. From January 2019 to March 2022, Mr. Ooi served as the chief financial officer of Metro Eyewear Holdings Sdn. Bhd., an indirect wholly-owned subsidiary of MOG Holdings Limited (stock code: 1942), which is currently listed on the Stock Exchange, where he was responsible for the initial public offering and the overall finance function of the group.

Mr. Ooi has been an independent non-executive director of various companies listed on Bursa Malaysia, including Only World Group Holdings Berhad (stock code: 5260) from June 2013 to December 2021, Revenue Group Berhad (stock code: 0200) since December 2017, Techbond Group Berhad (stock code: 5289) since January 2018, TCS Group Holdings Berhad (stock code: 0221) since May 2019 and Vertice Berhad (stock code: 7240) since December 2021.

Datuk Tan Teow Choon ("**Datuk Tan**"), aged 64, was appointed as our independent non-executive Director on 14 July 2022. He is also the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee.

Datuk Tan obtained his diploma from the Chartered Institute of Marketing in the United Kingdom in 1981. He obtained his master of science degree in business administration from Boston University in May 1984.

In 1987, he joined New Zealand Milk (Malaysia) Sdn. Bhd. (currently known as Fonterra Brands (Malaysia) Sdn. Bhd.), a company engaging in the merchandising and supply of dairy products, and his last held position was general manager in 2000 where he was mainly responsible for overseeing the business development and the operational management of the company. He was the managing director of Yeo Hiap Seng (Malaysia) Berhad, a company principally engaged in the production, marketing and sale of beverage and food products and previously listed on Bursa Malaysia with the stock code 4642, from March 2000 to October 2003, where he was mainly responsible for overseeing the strategic planning and business operations of the company. Since August 2007, Datuk Tan has been the director of Viva Global Sdn. Bhd., an investment company in F&B, education, healthcare and biotechnology. He was the chief executive officer of RB Biotech Sdn. Bhd., a company engaged in cultivating hybrid paddy seed in Malaysia, from 2009 to 2015.

Datuk Tan had been the honorary advisor of the Malaysia-China Chamber of Commerce (MCCC) from 2013 to 2019 and The Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCCIM) from September 2014 to July 2018. In addition, he has been the treasurer of the United Nations Association of Malaysia since 2018.

Datuk Tan was a director of the following companies which were incorporated in Malaysia before their dissolution:

Name of entity	Nature of business	Date of dissolution	Means of dissolution
Yeo Hiap Seng (Malacca) Sendirian Berhad	Dormant	8 October 2004	Members' voluntary liquidation
Kra-Stez Energy (M) Sdn. Bhd.	Construction and consultancy	5 June 2008	Struck off
Sri Maha-Power Trading Consortium Sdn. Bhd.	Investment holding	4 August 2015	Struck off

Datuk Tan confirmed that there was no wrongful act on his part leading to the dissolution of the companies above, which were solvent immediately prior to dissolution, and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of these companies.

Mr. Ngai Wah Sang ("**Mr. Ngai**"), aged 64, was appointed as our independent non-executive Director on 14 July 2022.

Mr. Ngai obtained his bachelor's degree in science from the University of London in the United Kingdom. He is a fellow of Chartered Accountants Australia and New Zealand (formerly known as The Institute of Chartered Accountants in Australia) and the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in Hong Kong respectively.

Mr. Ngai has broad experience in auditing, accounting, financial management and dealing with business development and investments. Mr. Ngai has also been appointed as independent non-executive directors of various companies listed on the Stock Exchange, including Tian An China Investment Company Limited (stock code: 28) since September 2004, Alpha Professional Holdings Limited (stock code: 948) since October 2020 and Real Nutriceutical Group Limited (stock code: 2010, a company previously listed on the Stock Exchange until 25 January 2021) in January 2019.

Mr. Ngai was a director of New Media Company Limited, a company previously incorporated in Hong Kong, when it was dissolved by order of the High Court of Hong Kong (the "**High Court**"). New Media Company Limited was engaged in the business of sub-letting outdoor advertising spaces. The High Court granted an order for winding-up of the company in October 1996 and New Media Company Limited was dissolved in March 2003.

Ms. Tiong Hui Ling ("**Ms. Tiong**"), aged 49, was appointed as our independent non-executive Director on 14 July 2022.

Ms. Tiong obtained her bachelor of laws degree from the Staffordshire University in the United Kingdom in July 1996. She later obtained a certificate for legal practice from the Legal Professional Qualifying Board, Malaysia in October 1998. She was admitted as an advocate and solicitor in the High Court of Malaya in November 1999 and she ceased to practice as a lawyer in July 2008.

Ms. Tiong has more than 20 years of legal-related experience. She practiced as a lawyer in SKYeoh & Partners from November 1999 to August 2007. In September 2007, she joined TH Group Sdn. Bhd. and subsequently transferred to its wholly owned subsidiary THG Corporation Sdn. Bhd. in March 2016, which her last position held was Assistant General Manager of Group Legal & Company Secretary before she left in December 2019. From January 2020 to May 2021, she was a consultant at JIS Malaysia Sdn. Bhd. to provide corporate and business advisory services on ad hoc basis. Since September 2020, she has been a consultant at Pasadena California Burger Sdn. Bhd. to provide corporate and business process advisory services on ad hoc basis.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed in this section and the section headed "Relationship with Our Controlling Shareholders" in this prospectus, each of our Directors confirmed that as at the Latest Practicable Date, he/she (i) did not hold other positions in our Company or other members of our Group; (ii) did not have any other relationship with any Directors, senior management, substantial shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any directorship in any other listed companies in the three years immediately preceding the date of this prospectus. Immediately following completion of the Capitalisation Issue and the Global Offering, save as the interests in the Shares which are disclosed in the "Substantial Shareholders" in this prospectus, each of our Directors will not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules as at the Latest Practicable Date.

No competition and clear delineation of business between our Group and the Private Group

As disclosed in the section headed "Relationship with Our Controlling Shareholders" in this prospectus, each of SB Soon, SL Soon and CA Soon, our executive Directors, by himself or together with his associates, are interested in or involved in the business of the Private Group. Each of SB Soon, SL Soon and CA Soon has undertaken that he would tender resignation of his directorship in the Private Group and withdraw from the management role of the partnership of the Private Group prior to the Listing. Notwithstanding the interest of SB Soon, SL Soon and CA Soon in the Private Group, our Directors, including our independent non-executive Directors, are of the view that the respective business of our Group and the Private Group can be clearly delineated in terms of, among others, business model, major source of income, products, major customers and suppliers, and thus, the Private Group's business would not compete or is not likely to compete with the business of our Group.

Each of our Directors has confirmed that, save as disclosed in this section and the sections headed "Connected Transactions" and "Relationship with our Controlling Shareholders", he or she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management:

Name	Age	Present Position(s) in our Company	Date of joining our Group	Roles and Responsibilities	Relationships amongst other Directors and senior management
Mr. Ong Wui Chuan	41	Sales Director	1 August 2021	Responsible for management of sales and trade marketing, sales strategic planning and customers and suppliers relations	N/A
Mr. Tham Sai Cheong	52	Chief financial officer	14 October 2019	Responsible for financial reporting, management reporting, budget and forecast and human resource	N/A
Ms. Chan Yim Cheng	45	Administration and operation manager	3 September 2007	Responsible for overseeing administration, logistics and inventory management	N/A

Mr. Ong Wui Chuan, aged 41, is our sales director. He joined our Group in 2021 and is now primarily responsible for management of sales and trade marketing, sales strategic planning, and customers and suppliers relations. He obtained a bachelor's degree of arts in translation and interpretation from Universiti Sains Malaysia in April 2003, and later obtained a master degree in business administration from Universiti Malaya in August 2010.

Mr. Ong has over 14 years of experience in business development and sales, and has served managerial positions in a number of companies prior to joining our Group. He joined Kao (Malaysia) Sdn. Bhd., a distributor of toiletries, household cleanser and sanitary products, in March 2006 until July 2008 as a key account executive. From March 2009 to December 2010, he worked in F&N Coca-Cola (Malaysia) Sdn. Bhd., a manufacturer of soft drinks and carbonated waters, as a key account manager. In December 2010, he joined L'Oréal Malaysia Sdn. Bhd., a beauty and skin care brand, as a key account manager until June 2014, with his last position being the head of channel. From February 2015 to September 2015, he worked in Tohtonku Sdn. Bhd., a company providing personal care products, as a national key account manager. He subsequently joined Hawley & Hazel Marketing (Malaysia) Sdn. Bhd., a trading company selling oral care products, as a national sales manager from September 2015 to August 2021. In August 2021, he joined our Group as our national sales manager and was re-designated as our sales director in February 2022.

Mr. Tham Sai Cheong, aged 52, is our chief financial officer. He joined our Group in 2019 in his current position and is primarily responsible for financial reporting, management reporting, budget and forecast and human resource. He obtained a bachelor's degree of arts from the University of Leeds in July 1992, majoring in accounting and finance. He was admitted as a member of the Malaysian Institute of Certified Public Accountants in December 1999.

Mr. Tham has over 28 years of experience in the accounting and finance field. He joined KPMG, an accounting firm, in November 1992 and left as an audit senior manager in February 2004. From January 2005 to April 2005, he worked in Citibank Berhad as a senior financial analyst. He then joined Fonterra Brands (Malaysia) Sdn. Bhd. (formerly known as New Zealand Milk (Malaysia) Sdn. Bhd.), a company engaging in the merchandising and supply of dairy products, in April 2005 and left as the finance director in November 2015. From January 2016 to July 2019, he worked as the finance director at Fuji Xerox Asia Pacific Pte Ltd, a company engaging in the business of sale and lease of photocopiers and related office equipment. In October 2019, he joined our Group as the chief financial officer.

Ms. Chan Yim Cheng, aged 45, is our administration and operation manager. She joined our Group in September 2007 and is primarily responsible for overseeing administration, logistics and inventory management of the Group.

Ms. Chan obtained her bachelor of arts degree in business administration from the University of Northumbria in the United Kingdom in March 2000. She also obtained a diploma in business administration and an advanced diploma in business administration in December 1996 and June 1997, respectively from The Association of Business Executives, United Kingdom. She became an associate member of The Association of Business Executives in the United Kingdom in April 1997.

Ms. Chan has over 20 years of experience in managing business operations and administrations in Malaysian companies. She started her career as an accounts and administrative assistant at Success Resources Slipguard Sdn. Bhd. from July 1997 to September 1998. She then worked in SCCSB as an account executive from May 2000 to February 2005. From March 2005 to September 2007, she worked as sales and marketing officer at Nippon Precision Technology (Malaysia) Sdn. Bhd. (now known as Vega Precision Technology (Malaysia) Sdn. Bhd.), a manufacturer of precision parts for electronic products, where she was responsible for management of sales orders, generating sales forecasts and handling quality assurance audit matters. Since September 2007, she became the administration and operation manager of SCCSB and is responsible for managing the logistical arrangements and inventory maintenance of the Group.

Save as disclosed above, none of our senior management had any directorships in any publicly listed company over the past three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Mr. Lam Kwun Leung (林冠良), aged 36, was appointed as our company secretary on 25 January 2021. He is primarily responsible for the company secretarial matters of our Group. He has over 10 years of experience in accounting and internal control.

Mr. Lam obtained a bachelor of business administration in accounting, from the Hong Kong University of Science and Technology in November 2007. He has been admitted as a member of the Hong Kong Institute of Certified Public Accountants since September 2010.

Mr. Lam began his career working as an auditor in KPMG from January 2007 and left as a manager in June 2014. He then joined Huawei Tech. Investment Co., Limited, an information and communications technology company, as a project audit manager in June 2014 and left as a senior inspection manager in February 2018, during which he was responsible for conducting operational inspection and implementing internal control policies. From February 2018 to December 2018, Mr. Lam was the senior accounting manager of Reignwood International Investment (Group) Company Limited, a diversified international investment company, and was responsible for overseeing financial matters of the company. From December 2018 to July 2020, he was the company secretary and financial controller of Sunray Engineering Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8616).

AUTHORISED REPRESENTATIVES

SB Soon and Mr. Lam Kwun Leung have been appointed as the authorised representatives of our Company.

COMPLIANCE ADVISER

We have appointed Sunny Fortune Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will advise us in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or if the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Group under the Listing Rules regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Audit Committee

Our Company has established the Audit Committee on 14 July 2022 with written terms of reference in compliance with paragraphs D.3.3 and D.3.7 of Part 2 of the Corporate Governance Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. Our Audit Committee comprises three members, namely Mr. Ooi Guan Hoe, Mr. Tan Teow Choon and Mr. Khoo Chee Siang. Mr. Ooi Guan Hoe is the chairman of the Audit Committee.

Remuneration Committee

Our Company has established the Remuneration Committee on 14 July 2022 with written terms of reference in compliance with paragraph E.1.2 of Part 2 of the Corporate Governance Code. Our Remuneration Committee comprises three members, namely Mr. Khoo Chee Siang, Mr. Ooi Guan Hoe and Mr. Tan Teow Choon. Mr. Khoo Chee Siang is the chairman of the Remuneration Committee. The primary duties of our Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

Nomination Committee

Our Company has established the Nomination Committee on 14 July 2022 with written terms of reference in compliance with paragraph B.3.1 of Part 2 of the Corporate Governance Code. Our Nomination Committee comprises three members, namely Mr. Tan Teow Choon, Mr. Ooi Guan Hoe and Mr. Khoo Chee Siang. Mr. Tan Teow Choon is the chairman of the Nomination Committee. Our Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors with reference to our board diversity policy ("**Board Diversity Policy**").

BOARD DIVERSITY POLICY

We have adopted the Board Diversity Policy which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of our Board that are relevant to our business growth. Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, industry experience, ethnicity and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board.

Our Board comprises seven male members (three executive Directors and four independent non-executive Directors) and one female independent non-executive Director. Taking into account our Group's business model and the backgrounds and abilities of our

Board, our Directors consider that our Board has a balanced mix of experiences and industry background, including experiences in F&B distribution, sales and marketing, audit and finance. Nevertheless, for the purpose of implementation of our board diversity policy, we intend to further enhance gender diversity (female representation) on our Board. Our Board will take the opportunity to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. In particular, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, we will actively identify female individuals suitably qualified to become our Board members and we aim to achieve a target of two female directors or 20% female representation on our Board, during the period we are listed on the Stock Exchange. Our Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices. To further ensure gender diversity of our Board in the long run, our Group will also identify and select several female individuals with a diverse range of skills, experience and knowledge in different fields from time to time and maintain a list of such female individuals who possess qualities to become our Board members in order to develop a pipeline of potential successors to our Board, and our Board and our nomination committee will assess our board composition quarterly in accordance with Appendix 14 of the Listing Rules. Our Company will continue to take steps to promote gender diversity at all levels of our Group, including at the senior management levels. Going forward and with a view to developing a pipeline of potential successors to our Board that may meet the targeted gender diversity ratio set out above, we will (i) make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management members who have the necessary skills and experience to our Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time.

We are also committed to adopting similar approach to promote diversity of the management (including but not limited to the senior management) of our Company to enhance the effectiveness of our corporate governance.

Our Nomination Committee is responsible for ensuring the diversity of our Board. After the Listing, our Nomination Committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amounts of compensation (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) which are paid by our Group during the Track Record Period (i) to our Directors were approximately RM2.5 million, RM2.6 million, RM2.6 million and RM1.0 million, respectively; and (ii) to our senior management were approximately RM0.6 million, RM1.0 million, RM1.2 million and RM0.3 million, respectively.

Three of our Directors, namely SB Soon, CA Soon and SL Soon, were amongst our Group's five highest paid individuals for the Track Record Period. The aggregate remuneration including salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans paid to our Group's five highest paid individuals (excluding our Directors) during the Track Record Period were as follows:

	FY2019	**FY2020**	**FY2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Salaries, discretionary bonus, allowances and benefits in kind	524	636	687	189
Contributions to defined contribution plans	63	76	82	30

During the Track Record Period, no emolument was paid by our Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Save as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of the Directors. For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 8 and 9 in the Accountants' Report set out in Appendix I to this prospectus.

An aggregate sum of approximately RM2.8 million is expected to be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 31 December 2022 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to the Board's review from time to time in its discretion after taking into account the recommendation of our Remuneration Committee. The remuneration package of each of our Directors is determined by reference to market terms, seniority, experiences, duties and responsibilities of that Director within our Group. Our Directors are entitled to statutory benefits as required by law from time to time such as pension.

Prior to the Listing, the remuneration policy of our Group to reward its employees and executives is based on their performance, qualifications, competence displayed and market comparable. Remuneration package typically comprises salary, contribution to pension schemes and discretionary bonuses relating to the profit of the relevant company. Upon and after the Listing, the remuneration package of our Directors and the senior management will, in addition to the above factors, be linked to the return to the Shareholders. Our Remuneration Committee will review annually the remuneration of all our Directors to ensure that it is attractive enough to attract and retain a competent team of executive members.

STAFF RELATIONS

Our Group recognises the importance of a good relationship with the employees. The remuneration payable to the employees includes basic salaries, allowances, commission, pension and bonus. The ability to recruit and retain experienced and skilled labour is crucial to the growth and development of our Group. In addition to providing the staff the opportunities to receive regular on-the-job trainings, our Group strives to create a harmonious and caring working environment for its staff.

Our Group has not experienced any significant problems with its employees save as those arising from ordinary course of business or disruption to the operations due to labour disputes, nor has our Group experienced any difficulties in the recruitment and retention of staff.

Please refer to the section headed "Business – Employment" below to this prospectus, for further detail relating to the number of staff, staff benefits and training policy of our Group.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. Except for the deviation from code provision C.2.1 and C.6.1 of Part 2 of the Corporate Governance Code, our Company's corporate governance practices have complied with the code on corporate governance practices.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. SB Soon is the chairman of our Board and the chief executive officer of our

Company. In view that SB Soon is one of the founders of the Group and has been operating and managing our Group since its establishment, our Board believes that it is in the best interest of our Group to have SB Soon taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the code provision C.2.1 of Part 2 of the Corporate Governance Code is appropriate in such circumstance.

Mr. Lam does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Mr. Lam as the company secretary of our Company. Pursuant to Code C.6.1 of Part 2 of the Corporate Governance Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, our Company has nominated SB Soon as its contact point for Mr. Lam.

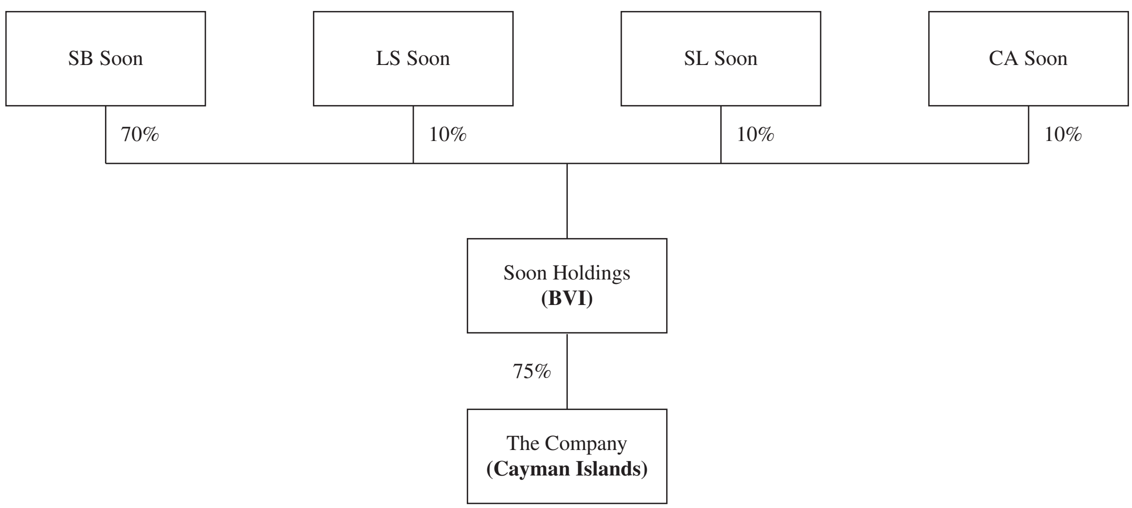
While our Company is well aware of the importance of the company secretary in supporting the Board on governance matters, our Company, after having considered Mr. Lam's prior experience in acting as the company secretary of a company listed on the Stock Exchange, Sunray Engineering Group Limited, both our Company and Mr. Lam are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of our Company.

In view of Mr. Lam's experience in company secretarial functions, our Directors believe that Mr. Lam has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), Soon Holdings, which is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon, will be interested in approximately 75% of the issued share capital of our Company. Accordingly, Soon Holdings, SB Soon, LS Soon, SL Soon and CA Soon will be a group of Controlling Shareholders within the meaning of the Listing Rules.

The following diagram illustrates the ultimate beneficial interest of our Controlling Shareholders immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme):



Among our Controlling Shareholders, SB Soon, CA Soon and SL Soon are also our executive Directors. For further information about them, please refer to the section headed "Directors and Senior Management" in this prospectus.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

CONCERT PARTIES CONFIRMATORY DEED

Over the course of our business history, the Soon Siblings, CH Tan and ML Ng who are members of the Soon Family, were either directors and/or shareholders of SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and/or SCC Logistics (the "**Relevant Companies**"). Each of the Soon Siblings, CH Tan and ML Ng had, in exercising and implementing the management and operation of these Relevant Companies, been acting in concert with each other. As the Relevant Companies were a group of private entities in the past, these arrangements were not formalized in writing and each of the Soon Siblings, CH Tan and ML Ng was content with these arrangements based on their close and long-term business and family relationship, as well as the trust and confidence they have in each other.

On 9 February 2021, the Soon Siblings, CH Tan and ML Ng, entered into the Concert Parties Confirmatory Deed to acknowledge and confirm, without limitation, that:

(i) they had been parties acting in concert in respect of the Relevant Companies during the period they held direct and/or indirect shareholding interest in such Relevant Companies;

(ii) the Soon Siblings shall continue to give unanimous consent, approval or rejection on any other material issues and decisions in relation to the business of the Relevant Companies;

(iii) the Soon Siblings shall continue to cast unanimous vote collectively for or against all resolutions in all meetings and discussions of the Relevant Companies; and

(iv) the Soon Siblings shall continue to cooperate with each other to obtain and maintain the consolidated control and the management of the Relevant Companies.

In light of the Concert Parties Confirmatory Deed, the Soon Siblings, through Soon Holdings, are collectively interested in, and are entitled to exercise control over, an aggregate of 75% of our issued share capital after completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

DELINEATION OF THE BUSINESS OF OUR GROUP AND THE PRIVATE GROUP

Save and except for the interest in our Group, our Controlling Shareholders are individually and/or collectively interested in or involved in businesses including the Private Group. These businesses engage in different upstream and downstream business activities, along the food value chain including retail of FMCGs, wholesale and distribution of fresh food, farm produce and other products, catering services, property investment and transportation services.

The Private Group consists of entities which are under the control of (or 50% or more of the issued share capital of which are owned by) our Controlling Shareholders collectively or individually (except for their interest in our Group), or partnerships of which our Controlling Shareholders are partners, and carries out the business of, among others, (i) retail of FMCGs; (ii) wholesale of fresh food, farm produce and other products; (iii) catering services; and (iv) property investment, during the Track Record Period and up to the Latest Practicable Date.

The details of the entities comprising the Private Group are listed below:

(i) Retail of FMCGs

– Megamart Sdn. Bhd. ("**Megamart**")

Megamart is a limited liability company incorporated in Malaysia on 29 May 2013 and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim. Megamart has been operating since the year of incorporation and mainly engaging in the retail sales of a wide range of FMCGs, the downstream of the supply chain, which mainly include packaged F&B products as well as fresh and frozen food, to its customers, which are end consumers through self-operated supermarkets. Meanwhile, our Group distribute and sell our products to retail chains and channels. As at the Latest Practicable Date, Megamart operated 18 retail stores across Malaysia. During the Track Record Period, our Group's supply accounted for less than approximately 7.2% of their cost of sales, while the sales to Megamart contributed less than approximately 1.5% of our Group's revenue during the Track Record Period.

(ii) Wholesale of fresh food and other products

– Mega Jaya Seafood Sdn. Bhd. ("**Mega Jaya Seafood**")

Mega Jaya Seafood is a limited liability company incorporated in Malaysia on 8 February 2018 and owned as to 50% by SL Soon and 50% by an Independent Third Party. Mega Jaya Seafood has been operating since the year of incorporation and mainly engaging in the wholesale of fresh seafood to restaurants, supermarkets and hypermarkets. As at the Latest Practicable Date, Mega Jaya Seafood provides fresh seafood to over 35 customers mainly in Kuantan, Pahang.

– Far Citrus Sdn. Bhd. ("**Far Citrus**")

Far Citrus is a limited liability company incorporated in Malaysia on 17 February 2003 and owned as to 25% by SB Soon, 30% by LS Soon, 15% by SL Soon, 15% by CA Soon and 15% by TH Lim. Far Citrus has not had any significant operation since its incorporation.

– Pak Su Plantation Sdn. Bhd. ("**Pak Su Plantation**")

Pak Su Plantation is a limited liability company incorporated in Malaysia on 27 May 2011 and owned as to 20% by SB Soon, 20% by LS Soon, 20% by SL Soon, 20% by CA Soon and 20% by TH Lim. Pak Su Plantation has been operating since 2012 and mainly engaging in the operation of an oil palm plantation and edible-nest swiftlet bird houses and the selling of farm produce such as palm fruits and edible swiftlet nests. As at the Latest Practicable Date, Pak Su Plantation operates one farm land in Kemaman, Terengganu with an aggregate area of 75,348 sq.m.

– NSB Marketing

NSB Marketing is a limited liability company incorporated in Malaysia on 29 September 2015 and owned as to 100% by SB Soon. NSB Marketing was a subsidiary of the Group and had operated mainly in the business of distribution of milk powder products from the year of incorporation up to October 2017 and has ceased operation since October 2017. It was subsequently disposed of to SB Soon. For further information about NSB Marketing and its disposal, please refer to the paragraphs headed "History, development and Reorganisation – Disposal of subsidiaries – NSB Marketing".

(iii) Catering services

– Pak Su Seafood Restaurant Sdn. Bhd. ("**Pak Su Seafood Restaurant**")

Pak Su Seafood Restaurant is a limited liability company incorporated in Malaysia on 18 February 2005 and owned as to 20% by SB Soon, 20% by LS Soon, 20% by SL Soon, 20% by CA Soon and 20% by TH Lim. Pak Su Seafood Restaurant has been operating since 2006 and mainly engaged in the operation of a seafood restaurant. As at the Latest Practicable Date, Pak Su Seafood Restaurant operated one seafood restaurant in Kuantan, Pahang.

– Sam Glary Wine Bar Sdn. Bhd. ("**Sam Glary Wine Bar**")

Sam Glary Wine Bar is a limited liability company incorporated in Malaysia on 13 September 2016 and owned as to 60% by CA Soon and 40% by KW Ng. Sam Glary Wine Bar has been operating since the year of incorporation and mainly engaged in the business of wine bar restaurant. As at the Latest Practicable Date, Sam Glary Wine Bar operated one bar in Kuantan, Pahang.

– Tropicana Food Garden

Tropicana Food Garden is a partnership registered in Malaysia on 17 July 2008 and SB Soon, SL Soon, CA Soon and TH Lim are partners. Tropicana Food Garden had been operating from 2009 to August 2019 and mainly engaged in the operation of restaurant and has ceased operation since August 2019.

– Hor Jiak Seafood Restaurant

Hor Jiak Seafood Restaurant is a partnership registered in Malaysia on 14 August 2007 and SB Soon, CA Soon, SL Soon and TH Lim are partners. Hor Jiak Seafood Restaurant had been operating from 2008 to October 2012 and mainly engaged in the business of hot food. Since October 2012, Hor Jiak Seafood Restaurant ceased operation and the partnership was expired.

– The Eight Th

The Eight Th is a partnership registered in Malaysia on 21 June 2015 and SL Soon and CA Soon are partners. The Eight Th has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, The Eight Th operated one restaurant in Kuantan, Pahang.

– Just Relax Restaurant

Just Relax Restaurant is a partnership registered in Malaysia on 28 March 2006 and CA Soon and KW Ng are partners. Just Relax Restaurant has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, Just Relax Restaurant operated one restaurant in Kuantan, Pahang.

– Owl Cafe

Owl Cafe is a partnership registered in Malaysia on 25 September 2013 and CA Soon and KW Ng are partners. Owl Cafe has been operating before or since CA Soon and KW Ng became partners on 1 March 2018 and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, Owl Cafe operated one restaurant mainly in Kuantan, Pahang.

– The Nine Th

The Nine Th is a partnership registered in Malaysia on 24 July 2017 and CA Soon and KW Ng are partners. The Nine Th has been operating since the year of registration of partnership and mainly engaged in the operation of restaurant. As at the Latest Practicable Date, The Nine Th operated one restaurant in Kuantan, Pahang.

– JR Grill & Bistro

JR Grill & Bistro is a partnership registered in Malaysia on 10 August 2020 and CA Soon and KW Ng are partners. JR Grill & Bistro mainly engaged in the operation of restaurant and operated one restaurant mainly in Kuantan, Pahang as at the Latest Practicable Date.

– Theten Th Pub & Bistro

Theten Th Pub & Bistro is a partnership registered in Malaysia on 5 March 2019 and CA Soon and KW Ng are partners. Theten Th Pub & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, Theten Th Pub & Bistro operated one bar mainly in Kuantan, Pahang.

– Theeleventh Bar & Bistro

Theeleventh Bar & Bistro is a partnership registered in Malaysia on 20 September 2019 and CA Soon and KW Ng are partners. Theeleventh Bar & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, Theeleventh Bar & Bistro operated one bar in Kuantan, Pahang.

– The 12 Th Kitchen & Bistro

The 12 Th Kitchen & Bistro is a partnership registered in Malaysia on 23 July 2020 and CA Soon and KW Ng are partners. The 12 Th Kitchen & Bistro mainly engaged in the operation of café and bistro. As at the Latest Practicable Date, The 12 Th Kitchen & Bistro operated one café/bistro in Kuantan, Pahang.

– The 13 Th Kitchen & Bistro

The 13 Th Kitchen & Bistro is a partnership registered in Malaysia on 23 July 2020 and CA Soon and KW Ng are partners. The 13 Th Kitchen & Bistro has been operating since May 2022 and mainly engaged in the operation of bistro. As at the Latest Practicable Date, The 13 Th Kitchen & Bistro operated one bistro mainly in Kuantan, Pahang.

– The Fifteenth Bar & Bistro

The Fifteenth Bar & Bistro is a partnership registered in Malaysia on 12 May 2022 and CA Soon and KW Ng are partners. The Fifteenth Bar & Bistro has been operating since the year of registration of partnership and mainly engaged in the operation of bar. As at the Latest Practicable Date, The Fifteenth Bar & Bistro operated one bar mainly in Kuantan, Pahang.

(iv) Others

– Lenang Gemilang Sdn. Bhd. ("**Lenang Gemilang**")

Lenang Gemilang is a limited liability company incorporated in Malaysia on 9 September 2010 and owned as to 50% by SB Soon and 40% and 10% by two Independent Third Parties. Lenang Gemilang mainly engaged in investment and letting of real properties.

– Swang Chai Chuan Properties Sdn. Bhd. ("**Swang Chai Chuan Properties**")

Swang Chai Chuan Properties is a limited liability company incorporated in Malaysia on 21 June 2019 and owned as to 70% by SB Soon, 15% by CA Soon and 15% by SL Soon. Swang Chai Chuan Properties has not commenced operation since its incorporation.

– Golden Quai Sdn. Bhd. ("**Golden Quai**")

Golden Quai is a limited liability company incorporated in Malaysia on 14 January 2019 and owned as to 50% by SB Soon and 50% by an Independent Third Party. Golden Quai has not commenced operation since its incorporation.

Summary of major differences between our Group and the Private Group

The following table sets forth a brief summary of the major differences between the business of our Group and that of the Private Group which demonstrates the business delineation between them:

		Private Group			
Main areas of delineation	**Our Group's business**	**Retail of FMCGs**	**Wholesale of fresh food and other products**	**Catering services**	
Principal business model and major products/ services offered	Distribution of F&B products in Malaysia primarily to retailers, and specialise in sourcing, procurement, physical distribution, warehousing, logistics, other supply chain solutions and services Our Group offers a wide range of F&B branded products which can be broadly categorized into: • Dairy products; • Frozen food; • Packaged food and commodities; • Sauce, oil and condiment; • Beverages; • Specialty products; • Personal and baby care products; • Pet care products; and • Cleaning and kitchen supplies.	Retail sales of a wide range of FMCGs, which mainly include packaged F&B products as well as fresh and frozen food, to end consumers through self-operated retail stores	• Wholesale of fresh seafood mainly to restaurants, supermarkets and hypermarkets • Agriculture and selling of farm produce such as fruits	Catering services through operating various restaurants and bars	Our Directors believe that our business model and products offered is different from those of the Private Group. We position ourselves as a one-stop distribution solutions service provider and offer value-added services such as marketing and brand positioning services to our suppliers, and after-sales services to our customers. In contrast, the Private Group mainly engages in retail, wholesale and catering services, without distribution and other services provided by our Group. Our Group does not engage in retail or catering services. In addition, our Group does not distribute fresh seafood and only offer their frozen, processed and/or canned variants, which are of different nature and have different target consumers.

		Private Group			
Main areas of delineation	**Our Group's business**	**Retail of FMCGs**	**Wholesale of fresh food and other products**	**Catering services**	
					Despite the fact that both our Group and the Private Group are involved in the selling of frozen food, the Private Group does not engage in the distribution of frozen food. Our Group as a distributor and the Private Group as a retailer of frozen food have different roles in the supply chain and operate under fundamentally different business models. Furthermore, the target customers of our Group (i.e. retail chains, convenience stores, etc.) and the Private Group (i.e. end consumers) are also different, therefore our Directors believe that the business of the Private Group is clearly delineated from that of our Group.
Major customers	• Hypermarkets and supermarkets • Provision shops • Convenience stores and kiosks • School canteens • HORECA • F&B dealers and merchandisers • Others, such as pharmacies, bookstores, bakery ingredient shops and pet shops	End consumers	• Supermarkets, hypermarkets and restaurants • Dealers and merchandisers	End consumers	Our Directors consider that we have a more diverse customer mix and a much larger customer base than the Private Group. Also, we generally do not sell our products directly to end consumers.
Major suppliers	• International and domestic brand owners and distributors • Raw material suppliers and OEM suppliers of our Own Products	Distributors and wholesalers of FMCGs	• Local fishermen for fresh seafood • Agricultural raw material suppliers	Distributors and wholesalers of F&B	To the best knowledge of our Directors, the suppliers between our Group and the Private Group were primarily different during the Track Record Period.

Main areas of delineation	Our Group's business	Private Group: Retail of FMCGs	Private Group: Wholesale of fresh food and other products	Private Group: Catering services	
Geographical location of principal business activities	We distributed our products to approximately 11,000 active customers across Malaysia and operated eight self-owned and four leased warehouses strategically located in Kuantan, Mentakab, Kuala Terengganu, Kota Bharu, Puchong, Seremban, Johor Bahru, Perai and Alor Setar as at 30 April 2022	Retail stores are mostly located in Southern Peninsular Malaysia	Within Kuantan, Pahang	Within Kuantan, Pahang	Our Directors consider that we have a much more extensive geographical coverage than the Private Group, covering most of the Peninsular Malaysia. In particular, the relevant company of the Private Group sells fresh seafood mainly in Kuantan, Pahang.
Management	Our executive Directors and senior management who are responsible for decision-making and day-to-day management and operation of the Group	SB Soon is a director	Directors of the relevant Private Group include, among others, SB Soon, SL Soon, CA Soon and/or LS Soon	Directors or partners of the relevant Private Group include, among others, SB Soon, SL Soon, CA Soon and/or LS Soon	Despite their directorships and partnership in the Private Group, SB Soon, SL Soon and CA Soon only assume the role of decision-making and are not involved in the day-to-day management and operation of the Private Group, which are delegated to the employees or other designated personnel of the Private Group.

Based on the audited accounts prepared by local auditors and the unaudited management accounts of the partnership businesses within the Private Group, the aggregate revenue of the Private Group entities amounted to approximately RM108.4 million, RM127.2 million and RM138.2 million for FY2019, FY2020 and FY2021, respectively, and the aggregate net profit after tax of the Private Group entities amounted to approximately RM1.5 million, RM2.2 million and RM2.5 million for FY2019, FY2020 and FY2021, respectively.

During the Track Record Period and up to the Latest Practicable Date, both the Private Group and our Group purchased from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad. The aggregate purchase amounts of the Group from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad are RM102.6 million, RM103.9 million and RM115.8 million during the Track Record Period, amounting to 24.0%, 21.8% and 20.2% of the Group's total purchases, respectively. On the other hand, the aggregate purchase amounts of the Private Group from Supplier B, *Etika* and Ajinomoto (Malaysia) Berhad are RM0.7 million, RM0.7 million and RM0.4 million for FY2019, FY2020 and FY2021, amounting to 0.7%, 0.6% and 0.3% of the Private Group's total purchases, respectively. Therefore, our Directors considered that there had been no material overlapping of major suppliers between the Private Group and the Group from FY2019 to FY2021 and that given the difference in business nature between the Group and the Private Group, there will be no disruption in supply of products to the Group despite the fact that both the Private Group and the Group purchased from these suppliers.

As confirmed by our Directors, there had been no overlapping of major customers between the Private Group and the Group during FY2019, FY2020 and FY2021 due to the fact that the customers of the Private Group are mostly end consumers and the business nature of the Private Group is different from that of the Group.

Reasons for exclusion

As set out above, the business and operation of our Group are independent of and separate from the Private Group. Our business operated independently and autonomously during the Track Record Period, and our business will, upon Listing, continue to be independent and separate from the Private Group. Our Directors are of the view that there is a clear delineation between the Private Group and our Group. The Private Group was not included in our Group as our Directors are of the view that (i) the business of the Private Group can be clearly delineated from the business of our Group in terms of, among others, business model, major source of income, products, major customers and suppliers, etc.; (ii) the business of the Private Group is not in line with our overall strategy to maintain and strengthen our market position in the F&B distribution industry in Malaysia; and (iii) the exclusion of the Private Group can help streamline our business and operation.

Given the different nature of business between our Group and the Private Group, after the Listing, our Directors do not expect there will be any overlap nor competition between the business of our Group and the Private Group. Notwithstanding this, to avoid future possible competition that the Private Group may have against our Group's business, each of SB Soon, CA Soon, SL Soon and LS Soon has, jointly and severally, undertaken to our Company to procure the Private Group (and their respective associates) not to carry out, directly or indirectly, any business of (i) distribution of products that overlap with the products of our Group; and (ii) warehousing and logistics services, or conduct any business which will be in direct or indirect competition with the business carried on or contemplated to be carried by our Group. Our Controlling Shareholders have also executed the Deed of Non-competition in favour of our Company. Please refer to the paragraph headed "Non-competition undertakings" in this section for further details.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Save as otherwise disclosed in the section headed "Connected Transactions" in this prospectus, our Directors do not expect that there will be any other significant transactions between our Group and our Controlling Shareholders and their respective associates upon or shortly after the Listing. Having considered the following factors, our Directors believe that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Global Offering.

Management independence

The day-to-day management and operation of our Group will be the responsibility of all our executive Directors and senior management of our Company. The Board consists of eight Directors, including three executive Directors and five independent non-executive Directors. Although SB Soon, SL Soon and CA Soon, being the Controlling Shareholders, also hold directorship in our Company and hold interest and directorship in the Private Group, we consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) Our executive Directors, supported by our experienced senior management team, oversee the day-to-day operation of our Group and are responsible for the management of our Group's business. Furthermore, SB Soon, SL Soon and CA Soon only assume the role of decision-making and are not involved in the day-to-day management and operation of the Private Group, which are delegated to the employees or other designated personnel of the Private Group.

(b) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his/her duties as a Director and his personal interests;

(c) the decision-making mechanism of our Board as specified in our Articles of Association has set out relevant provisions to avoid conflicts of interest, including but not limited to (i) disclosure of conflicting interest to the Board; (ii) if the relevant proposal causes conflicts of interest between our Group and our Controlling Shareholder(s), the Director(s) associated with our Controlling Shareholders should abstain from voting and should not attend or be included in the quorum of the meeting of the Board; (iii) when connected transaction(s) are considered, independent non-executive Directors shall give their independent opinions to the Board on the relevant connected transaction(s) pursuant to the Listing Rules;

(d) our five independent non-executive Director have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board; and

(e) all our senior management members are independent from our Controlling Shareholders. They have served our Group for a sufficient length of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Based on the above, our Directors are of the view that the Board is capable of managing our Group's business independently from the Controlling Shareholders and the Private Group after the Listing.

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources or general administration resources with the Controlling Shareholders and/or their respective close associates. Save as disclosed in this section and the section headed "Connected Transactions" in this prospectus, the customers and suppliers of our Group are all independent from our Controlling Shareholders and our Group does not rely on our Controlling Shareholders or their respective close associates and has independent access to customers and suppliers. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

During the Track Record Period, our Group conducted certain transactions with the entities interested by the Controlling Shareholders on a recurring basis which are expected to continue after the Listing and will constitute continuing connected transactions of our Company under the Listing Rules. Details of which are set out in the section headed "Connected Transactions" in this prospectus. Such transactions are entered into in the ordinary and usual course of business of our Group and our Directors confirm that the terms of such transactions are determined at arm's length negotiations and are no less favorable to our Group than terms offered by Independent Third Parties. Our Directors believe that the continuing connected transactions between our Group and the entities interested by the Controlling Shareholders do not indicate any undue reliance by our Group on our Controlling Shareholders and are beneficial to our Group and our Shareholders as a whole.

In light of the above, our Directors are of the view that our Group is capable of operating its business independently from the Controlling Shareholders after the Listing.

Financial independence

Our Group has its own financial management and accounting systems and functions and makes financial decisions according to our own business needs. Our Group has the ability to operate independently from the Controlling Shareholders and the Private Group from a financial perspective.

During the Track Record Period, our Group had certain amounts due to our Controlling Shareholders and related parties. Such amounts will be settled before Listing. For details of the amounts due to our Controlling Shareholders and related parties, please refer to note 20 to the Accountants' Report set out in Appendix I to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, our Controlling Shareholders had also provided personal guarantees for the banking facilities and financial lease arrangement used by our Group. The above personal guarantees will be replaced by the corporate guarantees executed by our Group upon the Listing. Save as disclosed above, our Directors are of the view that our Group is not financially dependent on the Controlling Shareholders or their respective close associates and the Private Group in our Group's business operations and our Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on the Controlling Shareholders and the Private Group after Listing.

Having considered the above factors, our Directors consider that our Group is able to maintain financial independence from the Controlling Shareholders and their respective close associates and the Private Group after Listing.

NON-COMPETITION UNDERTAKINGS

In order to avoid any future competition between our Group and the Controlling Shareholders, the Controlling Shareholders as covenantors (each of them, a "**Covenantor**" and collectively, the "**Covenantors**") executed the Deed of Non-competition in favour of our Company (for itself and as trustee for and on behalf of its subsidiaries).

In accordance with the Deed of Non-competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earlier of (i) the date on which the Shares cease to be listed on the Stock Exchange; or (ii) the date on which that Covenantor and his/its close associates (individually or taken as a whole) cease to be a Controlling Shareholder.

1. Non-competition

Each Covenantor jointly and severally and irrevocably undertakes and covenants to our Company (for itself and as trustee for and on behalf of its subsidiaries) that each of them will not, and will procure that its/his close associates (except any member of our Group) will not, either on his/its own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly, among other things, carry on, participate or be interested or engaged in or acquire or hold any right or interest (in each case whether as an investor, a shareholder, principal, partner, director, employee, consultant, agent or otherwise and whether for profit, reward, interest or otherwise), or otherwise be involved in any business which is or may be in competition, whether directly or indirectly, with the business carried on by our Group, including but not limited to (i) distribution of the products that overlap with the products of our Group; and (ii) logistics and warehousing services, or contemplated to be carried on by any member of our Group in Malaysia or any place where our Group has conducted business as at the date of the Deed of Non-competition or may conduct business from time to time in the future (the "**Restricted Business**").

2. New business opportunity

Each of the Covenantors hereby represents and warrants that neither it/he nor any of its/his close associates currently carries out, participates in or is interested or engaging in, invests in, acquires or holds, directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward, interest or otherwise) or otherwise is involved in the Restricted Business other than through our Group.

Each of the Covenantors further undertakes to refer to our Company within 10 days any and all new opportunities in connection with the Restricted Business (the "**New Business Opportunity**") which are identified by or made available to any of them.

Notwithstanding the aforesaid, the Deed of Non-competition does not apply where:

1. any opportunity to invest, participate, be engaged in and/or operate with a third party any Restricted Business has first been offered or made available to our Group by written notice, and that the offer should contain all information reasonably necessary for our Group to consider, among others, whether (i) such opportunity would constitute competition with any member of our Group and (ii) it is in the interest of our Group and the shareholders of our Company as a whole to pursue such opportunity, and our Company has, after review by the independent non-executive Directors, declined such opportunity to invest, participate, be engaged in or operate the Restricted Business either alone or with such third party or together with the Covenantor and/or its/his close associate(s), provided that the principal terms by which that Covenantor (or its/his close associate(s)) subsequently invests, participates, engages in or operates the Restricted Business are not more favourable than those disclosed to our Company. A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-acceptance Notice**"); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company, or such longer period of time, not longer than 180 days to be specified by our Company by notice in writing to the Covenantors, where our Company's acceptance of the New Business Opportunity is subject to the approval from the Stock Exchange or the independent shareholders of our Company or governmental or regulatory authorities;

2. each Covenantor having interests in the shares or other securities in a company whose shares are listed on a recognised stock exchange provided that:

   (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of the relevant company's consolidated turnover or consolidated assets, as shown in that company's latest audited accounts; or

   (b) the total number of the shares held by the Covenantors and/or their respective close associates or in which they are together interested does not exceed 5% of the issued shares of that class of the company in question (the "**Relevant Company**"), provided that (i) the total number of the relevant Covenantors' representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his shareholdings in the Relevant

Company; and (ii) at all times there is a holder of such shareholding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and their respective close associates together hold.

3. Further undertaking

Pursuant to the Deed of Non-competition, each Covenantor has further undertaken, among other things, that it/he:

(i) shall not disclose any confidential or trade-sensitive information of our Group to any person or use any of such information for advancing their business without our written consent;

(ii) shall not solicit any customer of our Group (whether past, present or future) to enter into any sales or business contract. As far as it is practicable, it/he shall conduct conflict check with every new customer before entering into any agreement in order to ensure each of them will not enter into any sales or business contract with any customer of our Group (whether past, present or future);

(iii) shall, upon request of our independent non-executive Directors, provide our independent non-executive Directors with all information necessary for their review of compliance with and implementation of the Deed of Non-competition by our Controlling Shareholder and its respective associates;

(iv) shall keep us informed and provide all information required by our Board to assist our Directors in their consideration of any New Business Opportunities;

(v) agrees that our Company will disclose the decisions made by our independent non-executive Directors on the compliance with and implementation of the Deed of Non-competition in our annual reports or announcements;

(vi) shall provide a confirmation annually on compliance with the terms of the Deed of Non-competition to our Company to facilitate our making of relevant disclosure in our annual reports; and

(vii) shall indemnify our Group against any loss resulting from any breach of the non-competition undertakings by each Covenantor or its/his respective associates.

4. Termination

The Deed of Non-competition shall continue to be effective until the earlier of the occurrence of the following situations:

(i) the date on which each Covenantor and its/his subsidiaries, in aggregate, directly or indirectly hold less than 30% of the entire issued share capital of our Company; or

(ii) the date on which the Offer Shares cease to be listed on the Stock Exchange, except that trading in the Offer Shares is temporarily suspended for any reason.

5. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

(a) as required by our Company, provide all information which is necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;

(b) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-competition and the enforcement of it;

(c) where our independent non-executive Directors shall deem fit, make a confirmation in relation to the compliance of the terms of the Deed of Non-competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-competition and the enforcement of it are in accordance with the requirements of the Listing Rules; and

(d) that during the period when the Deed of Non-competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-competition.

The Deed of Non-competition and the rights and obligations thereunder are conditional upon (a) the Stock Exchange granting the listing of, and the permission to deal in, the Shares, as described in this prospectus, and (b) the Listing and dealings in the Shares on the Stock Exchange taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that they are capable of carrying on our Group's business independently of the Covenantors following the Listing.

RULE 8.10 OF THE LISTING RULES

Save as disclosed in this section and the sections headed "Directors and Senior Management" and "Connected Transactions" in this prospectus, our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORNERSTONE INVESTMENT

As part of the International Placing, we have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**") with four cornerstone investors separately, namely Mr. Tee Kian Heng ("**Mr. Tee**"), Huihuang Resources Limited ("**Huihuang**"), Dato' Sri Ng Chong Keong ("**Dato' Sri Ng**") and Dato' Sri Pek Kok Sam ("**Dato' Sri Pek**") (each a "**Cornerstone Investor**" and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Shares (rounded down to the nearest board lot of 5,000 Shares) at the Offer Price, which may be purchased with an aggregate amount of approximately HK$47.0 million (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$0.52 (being the low end of the indicative Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 90,380,000 Shares, representing approximately (i) 37.5% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) 9.4% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 9.0% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$0.54 (being the mid-point of the indicative Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 87,025,000 Shares, representing approximately (i) 36.1% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) 9.0% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 8.7% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$0.56 (being the high end of the indicative Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 83,920,000 Shares, representing approximately (i) 34.8% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) 8.7% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 8.4% of the Shares in issue immediately upon completion of the Global Offering and the full exercise of the Over-allotment Option.

The Directors believe that introducing the Cornerstone Investors to the Global Offering and securing the subscription of a significant number of Offer Shares will set a solid platform for the launch of the Global Offering by demonstrating the Cornerstone Investors' confidence in the Global Offering.

The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares then in issue and to be listed on the Stock Exchange and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules. The Cornerstone Investors are not existing shareholders of any member of our Group and are independent of each other. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will the Cornerstone Investors become a Substantial Shareholder. There will be no deferred settlement, delivery or payment in respect of the Offer Shares to be subscribed for by the Cornerstone Investors under the Cornerstone Placing.

To the best knowledge of our Company, save as disclosed in this section and save for business dealings in the ordinary and normal course of business (if any) and the investment in our Company through the Cornerstone Placing, each of the Cornerstone Investors is an Independent Third Party and is not the connected persons (as defined in the Listing Rules) of our Group, our substantial Shareholders, Directors and members of our senior management, any connected persons of our Company or any of their respective associates. In addition, we confirm that (i) there is no side agreements or arrangements between our Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) each of the Cornerstone Investors is making independent investment decisions and none of the Cornerstone Investors is accustomed to take instructions from our Company, our subsidiaries, the Directors, the chief executive of our Company, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by our Company, our subsidiaries, the Directors, the chief executive of our Company, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates; and (iv) no preferential treatment has been, nor will be, given to any Cornerstone Investor. Details of allocation to the Cornerstone Investors will be disclosed in the announcement of allotment results of our Company to be published on or around 18 August 2022.

The details of the respective investments of the Cornerstone Investors in our Company and respective Shares to be subscribed for are set forth below:

Cornerstone Investor	Total investment amount(Note) (HK$ in million)	Number of Offer Shares to be subscribed	Assuming the Over-allotment Option is not exercised: Approximate percentage of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate percentage of the International Placing Shares	Assuming the Over-allotment Option is not exercised: Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate percentage of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate percentage of the International Placing Shares	Assuming the Over-allotment Option is fully exercised: Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
Assuming an Offer Price of HK$0.52 per Share (being the low end of the indicative Offer Price range)								
Mr. Tee	28	53,845,000	22.34%	24.82%	5.59%	19.43%	21.28%	5.38%
Huihuang	9	17,305,000	7.18%	7.98%	1.80%	6.24%	6.84%	1.73%
Dato' Sri Ng	5	9,615,000	3.99%	4.43%	1.00%	3.47%	3.80%	0.96%
Dato' Sri Pek	5	9,615,000	3.99%	4.43%	1.00%	3.47%	3.80%	0.96%
Total	47	90,380,000	37.50%	41.67%	9.38%	32.61%	35.72%	9.04%
Assuming an Offer Price of HK$0.54 per Share (being the mid-point of the indicative Offer Price range)								
Mr. Tee	28	51,850,000	21.51%	23.91%	5.38%	18.71%	20.49%	5.18%
Huihuang	9	16,665,000	6.91%	7.68%	1.73%	6.01%	6.59%	1.67%
Dato' Sri Ng	5	9,255,000	3.84%	4.27%	0.96%	3.34%	3.66%	0.93%
Dato' Sri Pek	5	9,255,000	3.84%	4.27%	0.96%	3.34%	3.66%	0.93%
Total	47	87,025,000	36.11%	40.12%	9.03%	31.40%	34.39%	8.70%

Cornerstone Investor	Total investment amount[Note] (HK$ in million)	Number of Offer Shares to be subscribed	Assuming the Over-allotment Option is not exercised: Approximate percentage of the Offer Shares	Assuming the Over-allotment Option is not exercised: Approximate percentage of the International Placing Shares	Assuming the Over-allotment Option is not exercised: Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering	Assuming the Over-allotment Option is fully exercised: Approximate percentage of the Offer Shares	Assuming the Over-allotment Option is fully exercised: Approximate percentage of the International Placing Shares	Assuming the Over-allotment Option is fully exercised: Approximate shareholding percentage in our Company immediately upon the completion of the Global Offering
Assuming an Offer Price of HK$0.56 per Share (being the high end of the indicative Offer Price range)								
Mr. Tee	28	50,000,000	20.75%	23.05%	5.19%	18.04%	19.76%	5.00%
Huihuang	9	16,070,000	6.67%	7.41%	1.67%	5.80%	6.35%	1.61%
Dato' Sri Ng	5	8,925,000	3.70%	4.11%	0.93%	3.22%	3.53%	0.89%
Dato' Sri Pek	5	8,925,000	3.70%	4.11%	0.93%	3.22%	3.53%	0.89%
Total	47	83,920,000	34.82%	38.69%	8.71%	30.28%	33.16%	8.39%

Note: Exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy.

OUR CORNERSTONE INVESTORS

We have entered into a Cornerstone Investment Agreement with each of the following Cornerstone Investors. The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Mr. Tee Kian Heng

Mr. Tee is a Malaysian entrepreneur who principally engages in the businesses of logging and timber trading in Malaysia under a number of companies incorporated in Malaysia and managed and held by Mr. Tee together with his family members. Mr. Tee also has investment in more than 30 companies. As confirmed by Mr. Tee, he has more than approximately 20 years of investment experience and his investment portfolio mainly included investments in private and public companies in Malaysia, including companies engaging in the industries of logging, timber trading, rubber plantations and construction.

Mr. Tee had acquainted with SB Soon for approximately two years through the introduction of a common friend. To the best knowledge of our Company, save as disclosed in this section and save for business dealings in the ordinary and normal course of business (if any) and the investment in our Company through the Cornerstone Placing, there has not been any business relationship or transaction between (i) our Company, our subsidiaries, the Directors, the chief executive, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates and (ii) Mr. Tee or his close associates. To the best of the knowledge, information and belief of our Directors after making reasonable enquiries, the consideration for his Cornerstone Placing is expected to be funded with his business funds.

Huihuang Resources Limited

Huihuang is a company incorporated in Hong Kong and principally engaged in the mining ore resources trading and shipping agent business in Malaysia, the PRC and Indonesia. It is majority owned by Dato' Foo Chek Pang ("**Dato' Foo**") as to 70% and owned by Foo Seong How, an Independent Third Party, as to 29% and by Iao Cheuk Kwong, an Independent Third Party, as to 1%. As confirmed by Dato' Foo, he has more than approximately 10 years of investment experience and his investment portfolio mainly included investments in private and listed companies in Malaysia, including companies engaging in the industries of mining, shipping and distribution of motorcycles.

Dato' Foo Chek Pang, the Controlling Shareholder of Huihuang, had acquainted with SB Soon for approximately three years as his business acquaintance. To the best knowledge of our Company, save as disclosed in this section and save for business dealings in the ordinary and normal course of business (if any) and the investment in our Company through the Cornerstone Placing, there has not been any business relationship or transaction between (i) our Company, our subsidiaries, the Directors, the chief executive, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates and (ii) Huihuang, its subsidiaries, directors, chief executive, Controlling Shareholders, substantial shareholders or existing shareholders or any of their close associates. To the best of the knowledge, information and belief of our Directors after making reasonable enquiries, the consideration for its Cornerstone Placing is expected to be funded with its internal resources.

Dato' Sri Ng Chong Keong

Dato' Sri Ng is a Malaysian businessman and is the founder and owner of Nirwana Group (which comprises Nirwana Hypermarket Sdn. Bhd. and its associated companies), which is one of the major customers of our Group during the Track Record Period. Nirwana Group is a supermarket chain of more than 15 outlets in the east coast and southern region of Peninsula Malaysia. As confirmed by Dato' Sri Ng, he has more than approximately 10 years of investment experience and his investment portfolio mainly included investments in private and listed companies in Malaysia, including companies which operate supermarkets.

Dato' Sri Ng is acquainted with SB Soon for more than 20 years and they became business acquaintance through business dealings between our Group and Nirwana Group. To the best knowledge of our Company, save as disclosed in this section and save for business dealings in the ordinary and normal course of business (if any) and the investment in our Company through the Cornerstone Placing, there has not been any business relationship or transaction between (i) our Company, our subsidiaries, the Directors, the chief executive, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates and (ii) Dato' Sri Ng or his close associates. To the best of the knowledge, information and belief of our Directors after making reasonable enquiries, the consideration for his Cornerstone Placing is expected to be funded with the internal resources of his businesses.

Dato' Sri Pek Kok Sam

Dato' Sri Pek is the chief executive officer and executive director of Southern Alliance Mining Ltd., a company listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (SGX:QNS) primarily engaged in high-grade iron ore production in Malaysia, which had a market capitalisation of more than approximately SGD325 million as at the Latest Practicable Date. As at 8 October 2021, he was holding approximately 70.3% of the issued shares of Southern Alliance Mining Ltd. As confirmed by Dato' Sri Pek, he has more than approximately 20 years of investment experience and his investment portfolio mainly included investments in private and listed companies in Malaysia and Singapore, including companies engaging in the industries of mining and trading of minerals.

Dato' Sri Pek had acquainted with SB Soon for more than approximately 10 years through the introduction of SB Soon's relative. To the best knowledge of our Company, save as disclosed in this section and save for business dealings in the ordinary and normal course of business (if any) and the investment in our Company through the Cornerstone Placing, there has not been any business relationship or transaction between (i) our Company, our subsidiaries, the Directors, the chief executive, the Controlling Shareholders, the substantial Shareholders or the existing Shareholders or any of their close associates and (ii) Dato' Sri Pek or his close associates. To the best of the knowledge, information and belief of our Directors after making reasonable enquiries, the consideration for his Cornerstone Placing is expected to be funded with his personal funds.

Our Directors believe that since our Group is an established and reputable F&B distributor in Malaysia with a long history since 1982, to the best knowledge of our Directors, the news regarding our application for Listing in Hong Kong has been widely reported and aroused the attention of the business community in Malaysia including considerable media coverage. Alongside the progress of our application for Listing, we reached out to the Cornerstone Investors whom we believed to have the financial and investment capability and/or good business reputation or affluent entrepreneurs to be our Cornerstone Investors. Knowing the background of our Group and our reputation in the FMCGs distribution industry in Malaysia and having held sight of our application proof published on the website of the Stock Exchange, the Cornerstone Investors have shown their interest in investing in our Group and decided to participate in the Cornerstone Placing.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to, among other things, the following conditions precedent:

(1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the date and time as specified in the respective agreements, and neither of such agreements having been terminated;

(2) the Offer Price having been fixed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters);

(3) the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investors) and that such approval or permission or waiver not having been revoked prior to the commencement of dealings of the Shares on the Stock Exchange;

(4) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Placing or the Cornerstone Investment Agreements, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;

(5) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors and our Company in the relevant Cornerstone Investment Agreements are accurate and true in all material aspects and that there is no material breach of the relevant Cornerstone Investment Agreements on the part of the Cornerstone Investors or our Company (as the case may be); and

(6) the Offer Price having been agreed upon by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters).

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that he/it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the Listing Date, *inter alia*, offer, pledge, charge, sell, mortgage, lend, transfer or otherwise dispose of any of the Shares subscribed by them under the respective Cornerstone Investment Agreements and any Shares or securities of our Company derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding any Relevant Shares in any way.

The Cornerstone Investors may transfer the Relevant Shares in certain limited circumstances as set out in the respective Cornerstone Investment Agreements, such as transfer to a wholly-owned subsidiary of the relevant Cornerstone Investor, provided that, *inter alia*, prior to such transfer, such wholly-owned subsidiary gives a written undertaking (addressed to and in favour of our Company in terms which are satisfactory to our Company) agreeing to, and the relevant Cornerstone Investor undertakes in writing (in favour of our Company) to procure that such wholly-owned subsidiary will be bound by the obligations of the Cornerstone Investor under the relevant Cornerstone Investment Agreement, including without limitation the restrictions on disposal imposed on the Cornerstone Investor, as if such wholly-owned subsidiary were itself subject to such obligations and restrictions.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be taken up under the Global Offering or the exercise of the Over-allotment Option and any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding
Soon Holdings *(Note 1)*	Beneficial owner	723,000,000	75%
SB Soon *(Note 1)*	Interest in a controlled corporation	723,000,000	75%
CA Soon *(Note 1)*	Interest in a controlled corporation	723,000,000	75%
SL Soon *(Note 1)*	Interest in a controlled corporation	723,000,000	75%
LS Soon *(Note 1)*	Interest in a controlled corporation	723,000,000	75%
ML Ng *(Note 2)*	Interest of spouse	723,000,000	75%
KW Ng *(Note 3)*	Interest of spouse	723,000,000	75%
LX Yang *(Note 4)*	Interest of spouse	723,000,000	75%
TH Lim *(Note 5)*	Interest of spouse	723,000,000	75%

Notes:

(1) The issued share capital of Soon Holdings is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon. Pursuant to the Concert Parties Confirmatory Deed, the Soon Siblings are regarded as a group of Controlling Shareholders acting in concert. Immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of exercise of the

Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Soon Holdings will be the beneficial owner holding 75% shareholding interest in our Company and thus each of SB Soon, CA Soon, SL Soon and LS Soon will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Soon Holdings for the purpose of the SFO.

(2) ML Ng is the spouse of SB Soon. Accordingly, ML Ng is deemed to be interested in all the Shares held by SB Soon under the SFO.

(3) KW Ng is the spouse of CA Soon. Accordingly, Ms. Ng Kar Wei is deemed to be interested in all the Shares held by CA Soon under the SFO.

(4) LX Yang is the spouse of SL Soon. Accordingly, Ms. Yang Lixia is deemed to be interested in all the Shares held by SL Soon under the SFO.

(5) TH Lim is the spouse of LS Soon. Accordingly, Mr. Lim Tau Hong is deemed to be interested in all the Shares held by LS Soon under the SFO.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of our Company.

OVERVIEW

During the Track Record Period, our Group had entered into a number of transactions with various connected persons of our Company for (i) the supply of F&B and other products to certain connected persons; and (ii) the purchase of F&B and other products from certain connected persons, which will continue following the Listing. These connected persons are entities wholly owned or majority-owned by the Controlling Shareholders and/or their spouses or companies controlled by them; and hence are associates of the Controlling Shareholders under Rules 14A.07(4) and 14A.13(3) of the Listing Rules upon Listing (collectively, the "**Entities Interested by the Controlling Shareholders**").

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, it is expected that the transactions relating to the supply of F&B and other products to the Entities Interested by the Controlling Shareholders will continue and be regarded as non-exempt continuing connected transactions of our Company, which will be subject to the reporting, announcement, circular, annual review requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Master Supply Agreement

Background

Our Group had supplied certain products, including frozen food, cleaning and kitchen supplies, sauce and condiments and other products, to various Entities Interested by the Controlling Shareholders, namely, Megamart Sdn. Bhd., Just Relax Restaurant, Tropicana Food Garden, The Eight Th, JR Grill & Bistro, Pak Su Seafood Restaurant Sdn. Bhd., Owl Cafe and Mega Jaya Seafood Sdn. Bhd. (together, the "**Connected Purchasers**")*(Note 1)*, which are engaged in businesses different from those of our Group such as retail of FMCGs and catering services, etc. during the Track Record Period and as at the Latest Practicable Date. There was no long-term agreement entered into between our Group and any of the Connected Purchasers. Instead, the Connected Purchasers placed orders with our Group at the agreed purchase price after arm's length negotiation on an order-by-order basis.

Note 1:

The ownership of the Connected Purchasers are as follows:

- Megamart Sdn. Bhd. ("**Megamart**") is a limited liability company incorporated in Malaysia on 29 May 2013 and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim. As each of SB Soon (our Controlling Shareholder) and TH Lim (spouse of our Controlling Shareholder) ultimately owns more than 30% of the equity interest of Megamart, Megamart is a connected person of our Company under Chapter 14A of the Listing Rules.

- Just Relax Restaurant is a partnership registered in Malaysia on 28 March 2006. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of Just Relax Restaurant. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of Just Relax Restaurant, Just Relax Restaurant is a connected person of our Company under Chapter 14A of the Listing Rules.

- Tropicana Food Garden is a partnership registered in Malaysia on 17 July 2008. SB Soon, SL Soon, CA Soon and TH Lim are partners of Tropicana Food Garden. As SB Soon (our Controlling Shareholder), SL Soon (our Controlling Shareholder), CA Soon (our Controlling Shareholder) and TH Lim (spouse of our Controlling Shareholder) own and have control over the management of Tropicana Food Garden, Tropicana Food Garden is a connected person of our Company under Chapter 14A of the Listing Rules.

- The Eight Th is a partnership registered in Malaysia on 21 June 2015. SL Soon and CA Soon are partners of The Eight Th. As SL Soon (our Controlling Shareholder) and CA Soon (our Controlling Shareholder) own and have control over the management of The Eight Th, The Eight Th is a connected person of our Company under Chapter 14A of the Listing Rules.

- JR Grill & Bistro is a partnership registered in Malaysia on 10 August 2020. CA Soon and KW Ng are partners of JR Grill & Bistro. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of JR Grill & Bistro, JR Grill & Bistro is a connected person of our Company under Chapter 14A of the Listing Rules.

- Pak Su Seafood Restaurant Sdn. Bhd. is a limited liability company incorporated in Malaysia on 18 February 2005 and owned as to 20% by CA Soon, 20% by SL Soon, 20% by SB Soon, 20% by LS Soon and 20% by TH Lim. As LS Soon (our Controlling Shareholder) and her spouse own more than 30% of the equity interest of Pak Su Seafood Restaurant Sdn. Bhd., Pak Su Seafood Restaurant Sdn. Bhd. is a connected person of our Company under Chapter 14A of the Listing Rules.

- Owl Cafe is a partnership registered in Malaysia on 25 September 2013. CA Soon and KW Ng are partners of Owl Cafe. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of Owl Cafe, Owl Cafe is a connected person of our Company under Chapter 14A of the Listing Rules.

- Mega Jaya Seafood Sdn. Bhd. is a limited liability company incorporated in Malaysia on 8 February 2018 and owned as to 50% by SL Soon and 50% by an Independent Third Party. As SL Soon (our Controlling Shareholder) owns more than 30% of the equity interest of Mega Jaya Seafood Sdn. Bhd., Mega Jaya Seafood Sdn. Bhd. is a connected person of our Company under Chapter 14A of the Listing Rules.

Salient terms of the Master Supply Agreement

On 14 July 2022, we entered into a master supply agreement (the "**Master Supply Agreement**") with certain Controlling Shareholders, pursuant to which we agreed to supply F&B and other products to the Entities Interested by the Controlling Shareholders, which shall include the Connected Purchasers and certain businesses in the Private Group(Note). The term of the Master Supply Agreement will commence upon the Listing and will expire on 31 December 2024, provided that either party may terminate the same by giving not less than one month's prior written notice to the other party. Subject to compliance with the Listing Rules and applicable laws and regulations, the Master Supply Agreement will be renewed for a further term of three years.

Pursuant to the Master Supply Agreement, each of the Entities Interested by the Controlling Shareholders, including the Connected Purchasers and certain businesses in the Private Group(Note), shall enter into separate purchase orders with our Group on an order-by-order basis, setting out the terms and conditions such as the type of products, the quantity and purchase price etc. under the purchase orders. These terms and conditions shall be consistent with the terms and conditions of the Master Supply Agreement and shall be no less favourable to our Group than the terms and conditions we offered to the Independent Third Parties for similar products.

Note: these businesses include:

(1) The Nine Th, a partnership registered in Malaysia on 24 July 2017. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of The Nine Th. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of The Nine Th, The Nine Th is a connected person of our Company under Chapter 14A of the Listing Rules.

(2) Theeleventh Bar & Bistro, a partnership registered in Malaysia on 20 September 2019. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of Theeleventh Bar & Bistro. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of Theeleventh Bar & Bistro, Theeleventh Bar & Bistro is a connected person of our Company under Chapter 14A of the Listing Rules.

(3) Theten Th Pub & Bistro, a partnership registered in Malaysia on 5 March 2019. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of Theten Th Pub & Bistro. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of Theten Th Pub & Bistro, Theten Th Pub & Bistro is a connected person of our Company under Chapter 14A of the Listing Rules.

(4) The 13 Th Kitchen & Bistro, a partnership registered in Malaysia on 23 July 2020. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of The 13 Th Kitchen & Bistro. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of The 13 Th Kitchen & Bistro, The 13 Th Kitchen & Bistro is a connected person of our Company under Chapter 14A of the Listing Rules.

(5) The Fifteenth Bar & Bistro, a partnership registered in Malaysia on 12 May 2022. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of The Fifteenth Bar & Bistro. As CA Soon (our Controlling Shareholder) and his spouse together own and have control over the management of The Fifteenth Bar & Bistro, The Fifteenth Bar & Bistro is a connected person of our Company under Chapter 14A of the Listing Rules.

The above businesses are not Connected Purchaser in the sense that our Group had not supplied products to them during the Track Record Period, but they may purchase products from our Group in the future since they are engaged in the catering services business.

For more information about the above companies, please refer to the paragraphs headed "Relationship with our controlling shareholders – Delineation of the business of our group and the private group".

Historical transaction amounts

The historical transaction amounts for the supply of F&B and other products to the Entities Interested by the Controlling Shareholders for FY2019, FY2020, FY2021 and 4M2022 are set out below:

	Historical transaction amounts (approximately)			
	FY2019	**FY2020**	**FY2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Supply of F&B and other products	7,213	7,450	6,821	2,888

Proposed annual caps and their bases

	Annual cap (approximately) For the year ending 31 December		
	2022	**2023**	**2024**
	RM'000	*RM'000*	*RM'000*
Supply of F&B and other products under the Master Supply Agreement	7,000	7,200	7,500

The annual caps were calculated based on (i) the historical total transaction amounts of approximately RM6.8 million for FY2021; (ii) the anticipated annual growth rate of approximately 3.0% (as a more prudent estimate considering the decrease in transaction amount in FY2021) for FY2022, FY2023 and FY2024 primarily based on the growth rate from 2019 to 2020; (iii) the assumption that the prevailing market price of the products generally supplied to the Entities Interested by the Controlling Shareholders will remain at a similar level; and (iv) the expected growth in demand for our products following the implementation of our expansion plans and as a result of the anticipated market growth.

To the best knowledge, belief, information and estimation of our Directors having made reasonable due diligence inquiries and in light of the current market conditions, the increase in the annual cap in FY2022 compared to the historical transaction amount in FY2021 is primarily due to the expected opening of five new retail stores of Megamart in FY2022. The increase in the annual cap in FY2023 and further in FY2024 is primarily due to the expansion plan of Megamart which involves the opening of approximately six and eight new retail stores by FY2023 and FY2024, respectively.

Pricing policy

The pricing policy for the products sold to the Entities Interested by the Controlling Shareholders shall be the same as our Group's pricing policy for the products sold to Independent Third Parties. The purchase price shall be considered based on the principles that (i) it is determined after arm's length negotiation between the parties; (ii) the prevailing market price of the products or similar products; (iii) the purchase price shall be no less favourable to our Group than the then prevailing market rate; and (iv) the purchase price shall be no less favourable to our Group than the amount our Group offered to Independent Third Parties for similar products.

Reasons for the transaction

The Master Supply Agreement is consistent with the business and commercial objectives of our Group. We have been supplying F&B and other products to the Entities Interested by the Controlling Shareholders prior to the Track Record Period and thus, we have established a long-term business relationship with them. Our Directors believe that the Master Supply Agreement will enhance the development of our business and bring a positive financial impact on our Group.

Listing Rules implications

As the Entities Interested by the Controlling Shareholders are entities (including both limited liabilities companies and partnership) wholly owned or majority-owned by the Controlling Shareholders and their associates, the transactions under the Master Supply Agreement constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) with reference to the annual caps of the transactions under the Master Supply Agreement exceed 5% on an annual basis and the annual consideration will exceed HK$10 million, the transactions under the Master Supply Agreement constitute continuing connected transactions and are therefore subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Application for a waiver for the Master Supply Agreement

As the supply of F&B and other products to the Entities Interested by the Controlling Shareholders will continue after the Listing on a recurring basis, our Directors consider that strict compliance with the announcement, circular and independent Shareholders' approval requirements would be unduly burdensome and would incur unnecessary administrative costs to our Company. Our Company has therefore applied to the Stock Exchange, and the Stock Exchange has granted, a waiver pursuant to Rule 14A.105 of the Listing Rules to exempt the transactions under the Master Supply Agreement from strict compliance with the announcement, circular and independent Shareholders' approval requirements under the Listing Rules on the conditions set out below:

(i) the continuing connected transactions under the Master Supply Agreement will be carried out in compliance with the Listing Rules and that our Company shall comply with the relevant requirements for continuing connected transactions in accordance with Chapter 14A of the Listing Rules;

(ii) the annual caps for the continuing connected transactions under the Master Supply Agreement from the Listing Date for each of the three years ending 31 December 2024 will not exceed RM7.0 million, RM7.2 million and RM7.5 million, respectively as stated above. Our Company shall comply with the applicable requirements under the Listing Rules if any of the respective proposed annual caps set out above is exceeded;

(iii) upon expiry of the waiver granted for the period ending 31 December 2024, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules; and

(iv) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable provisions under Chapter 14A of the Listing Rules as at the date of this prospectus relating to the continuing connected transactions, our Company will take immediate steps to ensure compliance with such requirements within reasonable time.

Confirmation from our Directors

Our Directors, including the Independent non-executive Directors, confirm that the Master Supply Agreement was entered into in the ordinary and usual course of business of our Group, on normal commercial terms and is fair and reasonable to our Group on the basis that the terms of the Master Supply Agreement are no less favourable to our Group than the terms offered by Independent Third Parties, and therefore is in the interest of our Company and the Shareholders as a whole. Our Directors, including the Independent non-executive Directors, are of the view that the annual caps under the Master Supply Agreement are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Confirmation from the Sole Sponsor

The Sole Sponsor is of the view that the Master Supply Agreement was entered into in the ordinary and usual course of business of our Group and on normal commercial terms that are no less favourable to our Group than the terms offered by Independent Third Parties and that the terms of the Master Supply Agreement and the annual caps set out above are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Master Purchase Agreement

During the Track Record Period, we purchased certain F&B and other products and procured sales and marketing services from various connected persons, namely, Just Relax Restaurant, The Nine Th, Owl Cafe, Mega Jaya Seafood Sdn. Bhd. (together, the "**Connected**

Suppliers")(Note 2), with the aggregate historical transaction amounts paid by our Group during FY2019, FY2020, FY2021 and 4M2022 of approximately RM0.4 million, RM0.3 million, nil and nil, respectively. As the Connected Suppliers are Entities Interested by the Controlling Shareholders, they are connected persons of our Group under Chapter 14A of the Listing Rules. For the purpose of the Listing, we entered into a master purchase agreement (the "**Master Purchase Agreement**") with certain Controlling Shareholders on 14 July 2022. The transactions under the Master Purchase Agreement are expected to continue after the Listing and will constitute continuing connected transactions of our Company.

Reasons for the transaction

We have been purchasing certain F&B and other products, mainly frozen food and beverages, from the Connected Suppliers during the Track Record Period. We anticipate that in order to diversify our product offering from time to time, we may need to continue to purchase certain F&B and other products from the Connected Suppliers or other Entities Interested by the Controlling Shareholders.

Listing Rules implications

As the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) with reference to the expected transaction amount of the continuing connected transactions under the Master Purchase Agreement are less than 5% on an annual basis and the expected annual consideration is less than HK$3 million, the transactions under the Master Purchase Agreement constitute exempt continuing connected transactions of our Company under Rule 14A.76(1) of the Listing Rules, and are fully exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. If the annual transaction amount exceeds the relevant threshold, our Company will comply with the Listing Rules where applicable.

Note 2:

The Connected Suppliers include the following:

- Megamart Sdn. Bhd. ("**Megamart**") is a limited liability company incorporated in Malaysia on 29 May 2013 and owned as to 25% by SB Soon, 26% by TH Lim who is the spouse of LS Soon, and 49% by Mack Food Pte. Ltd. which is owned as to 50% by SB Soon and 50% by TH Lim.

- Just Relax Restaurant is a partnership registered in Malaysia on 28 March 2006. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of Just Relax Restaurant.

- Mega Jaya Seafood Sdn. Bhd. is a limited liability company incorporated in Malaysia on 8 February 2018 and owned as to 50% by SL Soon and 50% by an Independent Third Party.

- Owl Cafe is a partnership registered in Malaysia on 25 September 2013. CA Soon and KW Ng, who is the spouse of CA Soon, are partners of Owl Cafe.

- The Nine Th is a partnership registered in Malaysia on 24 July 2017 and CA Soon and KW Ng are partners of The Nine Th.

Confirmation from our Directors

Our Directors (including our independent non-executive Directors) are of the view that the Master Purchase Agreement was entered into on arm's length basis, on normal commercial terms and in the ordinary and usual course of business of our Group and that the terms are fair and reasonable and in the interests of our Shareholders as a whole.

FULLY EXEMPT ONE-OFF CONNECTED TRANSACTION

Lease of a landed property from CA Soon

Under a tenancy agreement (the "**Warehouse Tenancy Agreement**") dated 17 August 2020, CA Soon as landlord agreed to lease the premises at Lot PT 122352 (HSD 44589) Lot Baru 153226, Perindustrian Semambu, Jalan Industri Semambu 10/5, Mukim Kuala Kuantan, Daerah Kuantan Pahang, Malaysia where our Kuantan WH II is located for a term of three years from 1 October 2020 to 30 September 2023 at the monthly rental of RM15,000.

Our Directors confirmed that the monthly rental was determined after arm's length negotiations between the parties with reference to the then prevailing market conditions and rental rate of similar warehouses in the vicinity.

Accounting treatment of the Warehouse Tenancy Agreement

IFRS 16 "Leases", which replaced IAS17 and effective from the accounting periods beginning on or after 1 January 2019, has been consistently applied to our Group in the preparation of our combined financial information throughout the Track Record Period. In accordance with IFRS 16 "Leases", our Group recognised the lease liabilities and the associated right-of-use assets on its combined statements of financial position in connection with the transactions contemplated under the Warehouse Tenancy Agreement as at 31 December 2020 and 31 December 2021, and as such, the transactions contemplated thereunder would be regarded as an acquisition of assets by us for the purposes of the Listing Rules.

Listing Rules implications

As CA Soon is an executive Director and a Controlling Shareholder, he is a connected person of our Company pursuant to the Listing Rules.

The transaction contemplated under the Warehouse Tenancy Agreement is a one-off transaction entered into by our Group prior to Listing. Such transaction will not, following the Listing, constitute a continuing connected transaction of our Group under Chapter 14A of the Listing Rules, and will not be subject to further requirements under the Listing Rules. Our Group will comply with the relevant requirements under Chapter 14A of the Listing Rules should there be any material change to the terms of the Warehouse Tenancy Agreement or in the event we enter into any other connected transactions in relation thereto after the Listing.

SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalisation Issue and the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised:

Authorised share capital

		HK$
1,500,000,000	Shares of par value HK$0.01 each	15,000,000

Issued and to be issued, fully paid or credited as fully paid

200	Shares in issue as at the date of this prospectus	2
722,999,800	Shares to be issued pursuant to the Capitalisation Issue	7,229,998
241,000,000	Shares to be issued pursuant to the Global Offering	2,410,000
964,000,000	Total Shares issued and to be issued upon completion of the Capitalisation Issue and Global Offering	9,640,000

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Global Offering will become unconditional and does not take into account the Shares to be allotted and issued upon the exercise of the Over-allotment Option, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates granted to our Directors to allot and issue or repurchase Shares as described below.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time. The 241,000,000 Offer Shares represent not less than 25% of the issued share capital of our Company upon the Listing.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally in all respects with all other Shares currently in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions thereafter declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 14 July 2022, the principal terms of which are summarised in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus. As at the Latest Practicable Date, no option had been granted under the Share Option Scheme.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 14 July 2022, subject to the share premium account of our Company being credited as a result of the issue Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 722,999,800 Shares credited as fully paid to the holders of Shares on the register of members of our Company at the close of business on 18 August 2022 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK$7,229,998 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions set forth in the paragraph headed "Structure and Conditions of the Global Offering – Conditions of the Global Offering" in this prospectus being fulfilled or waived (if applicable), our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate number of not exceeding 20% of the aggregate number of our issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or upon any options which may be granted under the Share Option Scheme) and the aggregate number of our issued Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Scheme or any other option scheme or similar arrangement for the time being adopted.

This mandate shall remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the allotment and issue of Shares, please refer to “Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our Sole Shareholder” in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the paragraph headed “Structure and Conditions of the Global Offering – Conditions of the Global Offering” in this prospectus being fulfilled or waived (if applicable), our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares not exceeding 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the Listing Rules. A summary of the relevant Listing Rules is set out in “Statutory and General Information – A. Further information about our Company – 6. Repurchase by our Company of its own securities” in Appendix IV to this prospectus.

This mandate shall remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any other applicable law; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the repurchase of Shares, see "Statutory and General Information – A. Further information about our Company – 3. Written resolutions of our Sole Shareholder" in Appendix IV to this prospectus.

SHAREHOLDERS' GENERAL MEETING

The method and procedures for holding of general meeting or class meeting of a Cayman Islands exempted company and the circumstances under which such meetings are required are prescribed under and set out in the articles of association of such company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, see "Summary of the constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus for further details.

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our combined financial information included in "Appendix I – Accountants' Report" to this prospectus, together with the accompanying notes.

Our combined financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. The publicly available financial information of our Group may not be directly comparable to the financial information contained in this prospectus. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements due to various factors, including those set forth in the sections headed "Risk Factors" and "Business" in this prospectus.

OVERVIEW

We are an established distributor of F&B and other products under recognised international and domestic Third-Party Brands and our Own Brands with substantial scale in Peninsular Malaysia. Since our inception in 1982, with our long years of operating history, we have served a wide group of retail and channels serving diverse end-customer base in Malaysia of more than 11,000 active customers that ranges from hypermarkets and supermarkets, convenience stores, kiosks, provision shops, hotels, restaurants, café, bars, school canteens, bakery ingredients shops, F&B dealers and merchandisers. We offer our customers a diverse product portfolio of F&B and other household products with over 4,000 SKUs across nine core categories spanning from dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages, specialty products, personal and baby care products, pet care products, cleaning and kitchen supplies, covering over 200 international and domestic Third-Party Brands and our Own Brands, namely *CED*, *Mega Fresh*, *Mega Food*, *Sayangku* and *Snowcat* for honey, sugar, salt, frozen seafood, frozen meat, and pet care products, etc. In addition, we also provide our suppliers with warehousing, logistics, sale and marking support and other value-added services by allowing them to benefit from our broad industry knowledge and expertise in sourcing, procurement, physical distribution, warehousing, logistics, other supply chain solutions and services.

Our revenue for FY2019, FY2020, FY2021 and 4M2022 amounted to approximately RM497.4 million, RM564.6 million, RM668.7 million and RM266.7 million, respectively, while our net profit during the same period amounted to approximately RM17.7 million, RM18.8 million, RM23.6 million and RM11.9 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019. Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising our Group are ultimately controlled by the Controlling Shareholders. Our Group's business is mainly conducted through SCCSB, SCCM Pahang, SCC Seafood, SCCM East Coast, SCCM, Chop Chin Huat and SCC Logistics while our Company and other entities within our Group have not been involved in any other significant activities prior to the Reorganisation. Upon the completion of the Reorganisation, our Company became the holding company of the companies now comprising our Group. The financial information in the Accountants' Report set out in Appendix I to this prospectus has been prepared as if our Company had always been the holding company of the subsidiaries comprising our Group. Our operating subsidiaries were under common control of the Controlling Shareholders, immediately before and after the Reorganisation. As such, the Reorganisation is regarded as a business combination under common control, and for the purpose of the Accountants' Report set out in Appendix I to this prospectus, the financial information has been prepared on a combined basis.

The IASB has issued a number of new/revised IFRSs during the Track Record Period. For the purpose of the preparation of the combined financial information, our Group has consistently adopted all those new/revised IFRSs that are relevant to our operations and are effective throughout the Track Record Period. Except for the adoption of IFRS 16, the adoption of those new/revised IFRSs does not have any significant impact on the combined financial information.

Our combined financial information has been prepared in accordance with the IFRSs and applicable disclosure provisions of the Listing Rules and the disclosure requirements of the Companies Ordinance. The Company's functional currency is HK$ and majority of its subsidiaries have RM as their functional currency. Our combined financial information is presented in RM, which is our presentation currency.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that key factors affecting our results of operations, financial position and cash flow include the following:

Economic conditions of Malaysia

During the Track Record Period, we generated all of our revenue in Malaysia, which had experienced economic growth in recent years, achieving a CAGR of per capita nominal GDP of approximately 2.5% from 2017 to 2021. According to the F&S Report, benefited from a stable economic situation and a stable social environment, Malaysia has seen a rapid development in urbanisation in the past five years. The consumer price index and the consumer price index of food and beverages in Malaysia reached 123.1 and 137.1 in 2021, increased by 2.5% and 1.7%, respectively. In turn, the mean monthly household disposable income has experienced a rapid increase from RM5,928 of 2016 to RM6,764 of 2019 which reflects a growth in FMCG end market demand during the period up to 2019. Although the monthly household disposable income for 2020 decreased, the MCO stimulated the demand of food and beverages due to more meals at home and the demand of hygiene and health products. With over 70% of the Malaysian population concentrated in Peninsular Malaysia, there is a huge demand for F&B distribution services in Peninsular Malaysia where all our warehouses and most of our customers are located, and at the same time, we rely on local F&B dealers and merchandisers to distribute our products to customers in East Malaysia. Hence, economic growth, the increasing population in Peninsular Malaysia, growing consumption price in Malaysia and the growing demands for both domestic and imported F&B products in Malaysia are the key drivers to boost the growth of our business. On the other hand, with our customers primarily including hypermarkets and supermarkets, provision shops, F&B dealers and merchandisers, convenience stores and kiosks which resell our products to end consumers, and HORECA, in Malaysia. Therefore, changes in disposable income levels, discretionary consumer spending and preferences of end consumers would affect the business performance of our customers, which would in turn affect our business. As such, if Malaysia experiences any adverse economic conditions due to circumstances beyond our control, such as local economic downturn, natural disasters, outbreak of COVID-19 pandemic and/or other contagious disease outbreaks or terrorist attacks, consumers may choose to spend discretionary dollars less frequently which could result in change in consumer preference over choice of F&B products and decline in dining outside, and consequently, affect the businesses of our customers by reducing the amount they spend on meals while dining out or the amount they spend on certain non-daily necessity F&B products. If our customers' sales decrease, our overall business and results of operations may be materially and adversely affected.

In addition, the F&B distribution industry in Malaysia is also driven by strengthened international collaboration. For example, the latest agreement between China and Malaysia on the construction of express railway as well as a series of One Belt One Road projects may bring more opportunities for the FMCGs distribution industry by gathering and connecting the capital, information and population of different countries and regions along the route. In addition, the Regional Comprehensive Economic Partnership (RECP) was signed on 15 November 2020. RCEP is a free trade agreement between the Asia-Pacific nations of Australia, Brunei, Cambodia, China, Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, the Philippines, Singapore, South Korea, Thailand, and Vietnam. The 15 member countries account for about 30% of the world's population and around 30% of global GDP as of 2020, making it the biggest trade bloc in history, and the resulting zero-tariff international trade may bring huge incremental space to the FMCGs distribution market.

Our product portfolio and the development of our Own-Brand Products

We offer more than 4,000 SKUs of products covering nine major product categories including F&B products such as (i) dairy products, (ii) frozen food, (iii) packaged food and commodities, (iv) sauce, oil and condiments, (v) beverages, (vi) specialty products, and non-F&B products such as (vii) personal and baby care products, (viii) pet care products and (ix) cleaning and kitchen supplies.

Our profitability and results of operations are therefore affected by our sales product mix of our product portfolio. Depending on their quality and brands, our diversified portfolio of F&B products and other products has different cost bases and selling prices, and hence different gross profit margins. Moreover, products within the same product segment may generate different gross profit margins due to different quality and brands as well. During the Track Record Period, gross profit margin for each major product types vary from 8.6% to 44.6%.

In response to changes in customers' preference driven by market conditions and other factors such as impact of pandemic, we may refine our product mix and diversify our product portfolio. For instance, according to the F&S Report, people are generally becoming more aware of the importance of healthy diet and lifestyle and stockpile of necessary foods especially during the outbreak of COVID-19 pandemic. Such change in consumer behaviour will stimulate the growth in specialty products, packaged food and commodities and frozen food which boosts the construction of cold chain distribution system in the F&B distribution industry. Given that our gross profit margins may be diverse across different types of products, changes in our product mix will have a direct impact on our results of operations and financial conditions. For further details, please see the paragraph headed "By product type" in this section.

Our results of operation and financial performance could be significantly affected by the change in composition of our distribution and sales of Third-Party Brand Products and our Own Products. Since our commencement of business, we engaged in distribution and sales of Third-Party Brand Products and our business had been expanding along with the expansion of both our product portfolio and brand portfolio. Our brand portfolio comprised over 200 brands and our product portfolio included more than 4,000 SKUs. The diversity of products offering is one of our competitive edge over our competitors in attracting customers. In addition, our engagement with several recognised international or domestic brand owners as their distributor put us in a favourable position when customers are searching for such brands. As such, the more diversified product portfolio we offer or the more brand owners engaged us as a distributor, the more likely the demand for our products will increase and the financial performance of our Group will be improved.

Since 2007, we started developing, selling and distributing our Own-Brand Products. According to the F&S Report, Own-Brand Products are self-packaged, especially food products, normally have higher profit margin, which would further promote the long-run development of F&B distributors. Furthermore, the cost of products from our OEM suppliers and raw material suppliers is generally less than the cost of purchase from the Third-Party Brand owners as there is higher mark up on the cost of production charged by these suppliers. Hence, according to the F&S Report, the Own-Brand business has become one of the key strategies of many F&B distribution companies with increasing importance attached on new product innovations and launches. As a whole, our Directors take the view that the evolution in our product diversity and the development of our Own Products will continue to affect our results of operation and financial performance.

Pricing and sales volume of our products

We generally set prices of our products on a cost-plus basis after taking into accounts various factors including, among other things, the procurement costs and other costs, the type of products, the volume of orders, the price recommended by our suppliers, principal business activities of the customers, prevailing market conditions, the pricing of our competitors and the pricing strategy as determined by the management of our Group.

To enhance our competitiveness in the market, we may adopt flexible measures like adjusting our pricing strategies in view of changes in the market especially the price fluctuations of other comparable products in the market, providing various marketing and promotion initiatives such as sales incentive schemes and product discounts, etc. to meet our target profit margin. Notwithstanding the aforesaid efforts in improving our competitiveness in terms of selling price of products, if we cannot have edge over our selling price with the targeted profit margin because of the price reduction pressure resulting from market competition, changes in consumer preferences or any other reasons, our sales performance and results of operations may be adversely affected. Should we enter into any price war, we may have to adjust our selling price downwards to avoid losing any market share and our results of operations may be negatively impacted.

For illustrative purposes only, the following table sets out a sensitivity analysis on our profit before tax based on hypothetical fluctuation of the average selling price (ASP) of our products for the Track Record Period. Fluctuations are assumed to be 3%, 6% and 9% for the corresponding years, respectively.

	Impact on profit before tax for			
Hypothetical fluctuations	**FY2019**	**FY2020**	**FY2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
ASP of our products				
+/-3%	+/-14,923	+/-16,939	+/-20,062	+/-8,000
+/-6%	+/-29,846	+/-33,878	+/-40,124	+/-15,999
+/-9%	+/-44,769	+/-50,817	+/-60,186	+/-23,999

For illustrative purposes, for FY2019, FY2020, FY2021 and 4M2022, it is estimated that we would achieve breakeven on our profit before tax if our average selling price decreased by approximately 4.6%, 4.8%, 4.9% and 6.2%, respectively, given all other variable remaining intact.

Our sales volume is also another key driver of our revenue and gross profit growth. Since we generate gross profit through selling our products in high volume to cover all selling and distribution expenses and administrative and other operating expenses, significant fluctuation of demand in sales volume may affect our operating results.

For illustrative purposes only, the following table sets out a sensitivity analysis on our profit before tax based on hypothetical fluctuation of the sales volume of our products for the Track Record Period given other factors remain unchanged. Fluctuations are assumed to be 10%, 25% and 45% for the corresponding years/period, respectively.

	Impact on profit before tax for			
Hypothetical fluctuations	**FY2019**	**FY2020**	**FY2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Sales volume of our products				
+/-10%	+/-6,619	+/-7,973	+/-9,451	+/-3,875
+/-25%	+/-16,547	+/-19,933	+/-23,627	+/-9,688
+/-45%	+/-29,784	+/-35,880	+/-42,529	+/-17,439

For illustrative purposes, for FY2019, FY2020, FY2021 and 4M2022, it is estimated that we would achieve breakeven on our profit before tax if our sales volume decreased by approximately 34.7%, 34.0%, 34.7% and 42.6%, respectively, given all other variable remaining intact.

Inventories

For FY2019, FY2020, FY2021 and 4M2022, we recorded cost of sales of approximately RM431.2 million, RM484.9 million, RM574.2 million and RM227.9 million representing approximately 86.7%, 85.9%, 85.9% and 85.5% of our total revenue respectively.

The cost of sales represents mainly cost of inventories sold consisting of the purchase cost of finished products and raw material provided by our suppliers, which include (i) international and domestic brand owners, wholesalers or distributors; and (ii) raw material suppliers and OEM suppliers, as well as the direct cost such as direct labour cost for our Own Products. The cost of inventories sold for the Track Record Period accounted for approximately 98.2%, 98.0%, 97.9% and 98.1% of total cost of sales, respectively. The five largest suppliers amounted to approximately 51.0%, 47.1%, 43.6% and 39.8% of our total purchase during the Track Record Period, respectively. Accordingly, any increase in the cost of inventories sold will adversely affect our financial position and operating results if we cannot shift the burden of increase in cost to our customers. We rely on the continuous supply of products from our suppliers and any decline or interruption in the supply of the products to us will also adversely impact on our financial position and operating results.

The table below sets forth the sensitivity analysis on our cost of inventories sold, based on hypothetical fluctuations of 3%, 6%, and 9%, respectively, and their effects on our Group's profit before tax for FY2019, FY2020, FY2021 and 4M2022 while all other variables remain unchanged:

	Impact on profit before tax for			
Hypothetical fluctuation	**FY2019**	**FY2020**	**FY2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Cost of inventories sold				
+/-3%	-/+12,705	-/+14,254	-/+16,872	-/+6,709
+/-6%	-/+25,409	-/+28,508	-/+33,744	-/+13,417
+/-9%	-/+38,114	-/+42,762	-/+50,616	-/+20,126

For illustrative purposes, for the Track Record Period, it is estimated that we would achieve breakeven on our profit before tax if our cost of inventories sold increased by approximately 5.4%, 5.7%, 5.8% and 7.4% respectively, given all other variable remaining intact.

SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Our significant accounting policies, which are important for an understanding of our financial condition and results of operations, are set forth in details in Note 3 to the Accountants' Report in Appendix I. Critical accounting estimates and judgments are set forth in Note 3 to the Accountants' Report in Appendix I. Critical accounting estimates and judgments are those that are important to the portrayal of our financial conditions and results of operations and require our management's most difficult, subjective, or complex judgment, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and our best assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates and expectations. Some of our accounting policies require a higher degree of judgment than others in their application. We believe the following significant accounting policies involve the most critical accounting estimates and judgments used in the preparation of our combined financial statements.

Our significant accounting policies, critical accounting estimates and judgments which are important for an understanding of our financial condition and results of operations are set out below. See Note 3 of the Accountants' Report in Appendix I to this prospectus for further details.

Revenue Recognition

IFRS 15 "Revenue from contracts with customers" is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

Revenue from the distribution of FMCGs is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed. We have product return policy under which any failure to notify us the return based on defective product, incorrect specification or expired product within one business day shall be deemed acceptance by the customers and based on the previous historical record, such returns were insignificant for years. Our management estimates that it is highly unlikely that a significant reversal in the revenue recognised will occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. During the Track Record Period, products returned by our customers to us amounted to approximately RM16.7 million, RM16.0 million, RM22.9 million and RM7.1 million, respectively, representing 3.4%, 2.9%, 3.4% and 2.7% of our total revenue, which was generally due to return of defective products sold by us that were damaged during transportation and delivery, products that did not correspond to the product specifications, and products which have already expired or will soon expire upon delivery, etc.

Revenue from logistics, warehousing services and others is recognised over time (except for sales of miscellaneous goods is recognised at a point in time) upon the performance obligation is satisfied. Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term. Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets. Dividend income from unlisted investments of money market funds is recognised when the Group's rights to receive dividend is established.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Lease Liabilities

We have consistently applied IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, throughout the Track Record Period. We lease various assets for operation. On adoption of IFRS 16, our Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they meet certain criteria set out in IFRS 16. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by our Group. The lease liabilities were measured at the present value of the remaining lease payments, discounted using our Groups' incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to the Group's combined statement of profit or loss.

Right-of-use Assets

We recognise right-of-use assets as at the date of which the leased asset is available for use by our Group. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of the initial measurement of the lease liabilities, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless we are reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Please refer to Note 3 of the Accountants' Report set out in Appendix I to this prospectus for further details.

Loss allowance for trade and other receivables

Provision for expected credit loss is made when our Group will not collect all amounts due. The provision is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The provision reflects either 12-month expected credit losses, or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk except for trade and other receivables for which loss allowance is determined on lifetime basis. The management of our Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on our Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Allowance for inventories

The management of our Group reviews the inventory ageing analysis periodically and where applicable, makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Our Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

RESULTS OF OPERATION

The following table sets forth a summary of our combined statements of profit or loss for the years indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	FY2019	**FY2020**	**FY2021**	**4M2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Revenue	497,435	564,632	668,738	217,055	266,652
Cost of sales	(431,248)	(484,899)	(574,230)	(184,218)	(227,899)
Gross profit	66,187	79,733	94,508	32,837	38,753
Other income	1,924	2,813	1,296	491	226
Selling and distribution expenses	(30,369)	(36,349)	(40,699)	(11,850)	(14,228)
Administrative and other operating expenses	(12,855)	(14,320)	(16,002)	(5,616)	(6,121)
Finance costs	(1,909)	(1,581)	(1,373)	(522)	(492)
Listing expenses	(28)	(3,188)	(4,974)	(2,268)	(1,630)
Profit before tax	22,950	27,108	32,756	13,072	16,508
Income tax expenses	(5,292)	(8,311)	(9,168)	(3,870)	(4,582)
Profit for the year/period	17,658	18,797	23,588	9,202	11,926

Non-IFRS Measure: Adjusted Net Profit

To demonstrate the comparison between period to period, we use adjusted net income as additional financial measure, which is not required by or presented in accordance with IFRS. We added back listing expenses for comparison. The use of this non-IFRS measure may have limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies. The following tables set forth the reconciliations of our non-IFRS financial measure for the Track Record Period to the nearest measure prepared in accordance with IFRS:

	FY2019	**FY2020**	**FY2021**	**4M2021**	**4M2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Profit for the year/period	17,658	18,797	23,588	9,202	11,926
Add: Listing expenses	28	3,188	4,974	2,268	1,630
Adjusted net profit (non-IFRS measure)	17,686	21,985	28,562	11,470	13,556

DESCRIPTION OF CERTAIN COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

We generate our revenue from distribution and sales of Third-Party Brand Products and our Own Products and to an insignificant extent provision of logistics, warehousing services and others in Malaysia during the Track Record Period. Our revenue represents the fair value of amounts received and receivable from sales of products and provision of services by our Group to external customers, net of discounts and sales returns.

By business segment

	FY2019		**FY2020**		**FY2021**		**4M2021**		**4M2022**	
	Revenue		**Revenue**		**Revenue**		**Revenue**		**Revenue**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Distribution and sales										
– Third-Party Brands	398,772	80.2	447,283	79.2	532,631	79.6	171,140	78.9	211,846	79.4
– Own Products	92,476	18.6	106,096	18.8	125,533	18.8	42,850	19.7	51,877	19.5
Sub-total	491,248	98.8	553,379	98.0	658,164	98.4	213,990	98.6	263,723	98.9
Logistics and other services	6,187	1.2	11,253	2.0	10,574	1.6	3,065	1.4	2,929	1.1
Total/overall	497,435	100.0	564,632	100.0	668,738	100.0	217,055	100.0	266,652	100.0

For FY2019, FY2020, FY2021 and 4M2022, our revenue generated from distribution of Third-Party Brand Products under distribution agreements entered into between us and our suppliers amounted to approximately RM317.3 million, RM370.5 million, RM449.1 million and RM176.0 million, representing approximately 63.8%, 65.6%, 67.2% and 66.0% of our total revenue, respectively. Meanwhile, our revenue generated from sales of Third-Party Brand Products in the absence of such distribution agreements amounted to approximately RM81.5 million, RM76.8 million, RM83.5 million and RM35.8 million, representing approximately 16.4%, 13.6%, 12.4% and 13.4% of our total revenue, respectively. Our revenue generated from sales of Own Products contributed approximately RM92.5 million, RM106.1 million, RM125.5 million and RM51.9 million, representing approximately 18.6%, 18.8%, 18.8% and 19.5% of our total revenue, respectively. The revenue from logistics, warehousing services and others amounted to approximately RM6.2 million, RM11.3 million, RM10.6 million and RM2.9 million respectively, representing approximately 1.2%, 2.0%, 1.6% and 1.1% of our total revenue, respectively.

Among our Own Products, the proportion of Own-Brand Products in total Own Products increased from approximately 55.8% for FY2019 to 64.6% for FY2020 then to 68.8% for FY2021, with an increase in amount of approximately RM16.9 million and RM17.8 million for FY2020 and FY2021, respectively, or a CAGR of 29.3% from FY2019 to FY2021 and an increase of 13.1% for 4M2022 compared to the same period last year. We increased one more brand, *Mega Food* which primarily provides cheese products during FY2019 and contributed approximately 5.6%, 8.0%, 6.9% and 7.2% of total revenue of Own-Brand Products for FY2019, FY2020, FY2021 and 4M2022, respectively. Revenue generated from *Mega Fresh* which primarily provides frozen foods contributed approximately 59.0%, 52.4%, 45.7% and 43.4% of total revenue of Own-Brand Products during the Track Record Period. *CED* , which offers specialty products, recorded a CAGR of 49.9% from FY2019 to FY2021 and a growth of 3.8% for 4M2022 compared with 4M2021 primarily benefited from the rise of awareness of healthy lifestyle during the Track Record Period, especially the period under MCO. White-Label Products, comprising frozen seafood and meats, accounted for approximately 44.2%, 35.4%, 31.2% and 38.5% of total revenue of Own Products for the Track Record Period, respectively. The revenue of White-Label Products decreased in FY2020 mainly attributable to the decrease of sales to HORECA and school canteens and resumed a growth of 4.3% for FY2021 compared to the prior year due to increasing sales to hypermarkets and supermarkets and provisions shop of approximately RM3.4 million and RM1.5 million which was partially offset by the decrease in sales to school canteens of approximately RM2.6 million. The revenue of White-Label Products continued to grow at approximately 36.5% for 4M2022 comparing with 4M2021 mainly owing to the increase in average selling price from RM11.3 for 4M2021 to RM14.0 for 4M2022.

The top five Third-Party Brand Products accounted for approximately 38.5%, 37.1%, 35.3% and 32.9% of total revenue of Third-Party Brand for the Track Record Period, respectively. Brand A, an ice-cream and frozen dessert brand, accounted for approximately 17.4%, 18.1%, 17.2% and 14.4% of total revenue of Third-Party Brand for the Track Record Period, respectively. Brand B, which offers nutritional dairy products, recorded a CAGR of 6.9% from FY2019 to FY2021 and a growth of 26.4% for 4M2022 comparing with 4M2021 primarily benefited from the marketing effort by the supplier and rising demand for nutritional products during the Track Record Period. *Ajinomoto* AJI-NO-MOTO, which offers mainly seasonings, cooking oils and sweeteners, recorded a CAGR of 14.8% from FY2019 to FY2021 and a growth of 21.6% for 4M2022 comparing with 4M2021 primarily benefited from more home cooking during the Track Record Period especially under MCO in FY2020 and FY2021. Brand C, which offers mainly frozen meats decreased year-over-year by 17.2% for FY2020 mainly attributable to the drop of sales to school by approximately RM1.4 million, or 49.5% decrease. The sales of Brand C recorded a growth of 8.8% for FY2021 comparing with FY2020 due to competitive pricing of drop of 2.9% in average selling price in simulating sales. The sales of Brand C continued to record a growth of 41.9% for 4M2022 comparing with 4M2021 mainly due to the increase in average selling price of 3.4% and increase in sales to hypermarkets and supermarkets of approximately RM2.5 million. Brand D, which offers milks focusing on baby, children and women increased year-over-year by approximately 1.8% for FY2020. The sales of Brand D recorded a decrease of approximately 10.7% for FY2021 compared to the prior year primarily due to the decrease of quantity sold by approximately 11.5% for FY2021 comparing with FY2020. The sales of Brand D dropped by approximately 7.9% for 4M2022 comparing with 4M2021 mainly resulting from the decrease of quantity sold by approximately 7.9% with no material change in average selling price.

By product types

During the Track Record Period, we sold F&B products and other products to our customers. The table below sets forth a breakdown of our revenue generated from our distribution and sales business (excluding logistics and others) and average selling price (ASP) by product types for the years indicated:

	FY2019			FY2020			FY2021			4M2021			4M2022		
			ASP (approximately)			*ASP (approximately)*			*ASP (approximately)*			*ASP (approximately)*			*ASP (approximately)*
	RM'000	*%*	*RM*	*RM'000*	*%*	*RM*	*RM'000*	*%*	*RM*	*RM'000*	*%*	*RM*	*RM'000*	*%*	*RM*
F&B products															
Dairy products[(1)]	151,575	30.9	3.3	170,472	30.8	3.6	188,894	28.7	3.7	60,114	28.1	3.7	67,442	25.6	3.8
Frozen food[(2)]	126,720	25.8	6.8	132,074	23.9	6.5	147,969	22.5	6.7	52,332	24.5	6.8	63,840	24.2	7.9
Packaged food and commodities[(3)]	62,250	12.7	1.8	71,529	12.9	2.0	87,387	13.3	2.1	26,845	12.5	2.1	34,036	12.9	2.2
Sauce, oil and condiments[(4)]	55,792	11.3	5.8	60,149	10.9	5.7	70,660	10.7	5.7	23,400	10.9	6.2	33,758	12.8	6.7
Beverages[(5)]	39,918	8.1	1.6	42,277	7.6	1.7	64,822	9.8	2.1	19,812	9.3	1.8	27,598	10.5	2.2
Specialty products[(6)]	14,896	3.0	5.2	21,251	3.8	5.3	33,156	5.0	5.3	10,212	4.8	5.3	12,035	4.6	5.6
Sub-total of F&B products	451,151	91.8		497,752	89.9		592,888	90.0		192,715	90.1		238,709	90.6	
Non-F&B products															
Personal and baby care products[(7)]	22,866	4.7	9.5	26,399	4.8	9.5	30,023	4.6	10.4	9,873	4.5	10.1	12,458	4.7	10.8
Pet care products	3,461	0.7	6.0	5,943	1.1	6.6	7,765	1.2	6.5	2,491	1.2	6.5	3,737	1.4	6.2
Cleaning and kitchen supplies[(8)]	13,770	2.8	8.3	23,285	4.2	7.2	27,488	4.2	7.5	8,911	4.2	7.2	8,819	3.3	7.6
Sub-total of Non-F&B products	40,097	8.2		55,627	10.1		65,276	10.0		21,275	9.9		25,014	9.4	
	491,248	100.0		553,379	100.0		658,164	100.0		213,990	100.0		263,723	100.0	

Notes:

1. The dairy products sold by us include ice-cream, milk and cheese.

2. The frozen food sold by us includes frozen seafood, frozen meat and frozen french fries.

3. The packaged food and commodities sold by us include rice and cereal, canned food, and snacks.

4. The sauce, oil and condiment sold by us include cooking ingredients, baking and dessert ingredients and honey.

5. The beverages sold by us include various flavoured and carbonated drinks, bottled mineral water and juices.

6. The specialty products sold by us include organic beans, organic sugar, natural salt and pure honey under our Own Brands.

7. The personal and baby care products sold by us include various skincare, hair care and oral care products.

8. The cleaning and kitchen supplies include non-F&B products such as household bleach and kitchen towels.

The revenue generated from sales of F&B products for FY2019, FY2020, FY2021 and 4M2022 were approximately RM451.2 million, RM497.8 million, RM592.9 million and RM238.7 million, representing approximately 90.7%, 88.2%, 88.6% and 89.5% of our total revenue, respectively. The remaining categories, personal and baby care products, pet care products and cleaning and kitchen supplies contributed approximately RM40.1 million, RM55.6 million, RM65.3 million and RM25.0 million, representing approximately 8.1%, 9.8%, 9.8% and 9.4% of our total revenue for FY2019, FY2020, FY2021 and 4M2022, respectively.

The top three product categories we distributed, dairy products, frozen food and packaged food and commodities, contributed approximately 69.4%, 67.6%, 64.5% and 62.7% of total revenue from distribution business for the Track Record Period, respectively. The top two fastest growth products during the Track Record Period are pet food and specialty products which recorded a CAGR of 49.8% and 49.2% from FY2019 to FY2021, respectively and a growth of 50.0% and 17.8% for 4M2022, respectively comparing with 4M2021, primarily from the contribution from *Sayangku* , *Snowcat* SNOWCAT and *CED* , our Own Brands, due to increase in awareness of specialty products and demand for quality pet products during the Track Record Period especially during FY2020 under MCO.

By major customer types

The table below sets out a breakdown of the number of active customers and our revenue generated from our distribution and sales business (excluding revenue generated from logistics and others) by our major customer type during the Track Record Period:

Customer Types	FY2019			FY2020			FY2021			4M2021			4M2022		
	No. of active customers	Revenue	%	No. of active customers	Revenue	%	No. of active customers	Revenue	%	No. of active customers	Revenue	%	No. of active customers	Revenue	%
	(approximately)	*RM'000*		*(approximately)*	*RM'000*		*(approximately)*	*RM'000*		*(approximately)*	*RM'000*		*(approximately)*	*RM'000*	
Retail chains and channels															
Hypermarkets and supermarkets	186	258,853	52.7	191	292,537	52.9	204	347,157	52.8	181	114,706	53.6	192	140,936	53.4
Provision shops*(Note 1)*	7,039	85,000	17.3	7,254	106,352	19.2	8,158	136,570	20.8	6,941	41,253	19.3	7,638	49,739	18.9
Convenience stores and kiosks	1,309	33,601	6.8	1,522	34,736	6.3	1,412	35,856	5.4	1,287	11,409	5.3	1,361	13,323	5.1
Subtotal*(Note 2)*	8,478	377,454	76.8	8,892	433,625	78.4	9,697	519,583	79.0	8,330	167,368	78.2	9,120	203,998	77.4
F&B dealers and merchandisers	799	64,610	13.2	835	78,550	14.1	910	89,995	13.7	766	31,312	14.6	811	37,521	14.2
HORECA	1,089	13,996	2.9	1,054	10,399	1.9	1,190	12,132	1.8	907	3,825	1.8	1,026	6,754	2.6
School canteens	503	15,367	3.1	488	9,284	1.7	405	5,314	0.8	338	2,305	1.1	370	3,222	1.2
Others*(Note 3)*	938	19,821	4.0	984	21,521	3.9	1,192	31,140	4.7	956	9,180	4.3	1,161	12,228	4.6
Total*(Note 2)*	11,746	491,248	100.0	12,185	553,379	100.0	13,324	658,164	100.0	11,160	213,990	100.0	12,424	263,723	100.0

Notes:

1. Provision shops are grocery stores which sell a variety of F&B and other products similar to those of supermarkets but typically operate on a smaller business scale.

2. Some active customers may own various businesses of different natures and may hence fall under more than one customer category. Therefore, the same customer which has been counted more than once under different categories is regarded as one customer only to reflect the actual total number of customers.

3. Other customers include pharmacies, bookstores, bakery ingredient shops and pet shops.

Through our marketing effort, the number of active customers of our distribution and sales business increased from approximately 11,750 for FY2019 to approximately 13,320 for FY2021 while the average revenue generated from each customer increased from approximately RM41,800 for FY2019 to approximately RM49,400 for FY2021, representing a CAGR of approximately 8.7% from FY2019 to FY2021.

The revenue of all major types of customers recorded growth in both FY2019 and FY2020 except for decrease in revenue from sales to HORECA and school canteens. The number of active customers of HORECA and school canteens decreased by 35 and 15, respectively in FY2020 due to business difficulty during MCO while the average revenue per customer of HORECA and school canteens recorded a year-over-year decrease of 23.2% and 37.7%, respectively for FY2020. As such, the revenue of HORECA and school canteens dropped by 25.7% and 39.6%, respectively for FY2020. Except for school canteens which recorded a decrease in number of customers of 83 and shrinkage of average revenue per customer of approximately 31.0% for FY2021, the number of customers and average revenue per customer of other customers recorded an increase of more than approximately 1,210 and approximately 8.7%, respectively for FY2021 which contributed an increase in both revenue and gross margin of distribution and sales business for FY2021 by approximately 18.9% and 19.5%, respectively. Hypermarkets and supermarkets are the top customers among our distribution and sales business which accounted for approximately 52.7%, 52.9%, 52.8% and 53.4% of the total revenue of distribution and sales business for the Track Record Period, respectively. Revenue from sales of frozen food to hypermarkets and supermarkets recorded a year-over-year growth of approximately 4.5%, 16.1% and 23.4% for FY2020, FY2021 and 4M2022, respectively and accounted for approximately 34.0%, 31.4%, 30.8% and 32.6% of total revenue generated from hypermarkets and supermarkets for the Track Record Period, respectively.

Cost of sales

Cost of sales sold primarily consists of cost of inventories sold which is mainly composed of cost of FMCGs and other direct costs. The table below sets forth the breakdown of the cost of sales for the years indicated.

	FY2019		**FY2020**		**FY2021**		**4M2021**		**4M2022**	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Cost of inventories sold	423,489	98.2	475,138	98.0	562,397	97.9	180,646	98.1	223,620	98.1
Others[(1)]	7,759	1.8	9,761	2.0	11,833	2.1	3,572	1.9	4,279	1.9
Total cost of sales	431,248	100.0	484,899	100.0	574,230	100.0	184,218	100.0	227,899	100.0

Note:

1. Others include labour costs and depreciation of property, plant and equipment and right-of-use assets.

Our cost of inventories sold mainly represents the amounts paid to our suppliers for purchase of finished goods and raw materials sold which amounted to approximately 98.2%, 98.0%, 97.9% and 98.1% of our total cost of sales for the Track Record Period.

Gross profit and gross profit margin

By business segments

The following table sets forth a breakdown of gross profit and gross profit margin by segment, for the years indicated:

	FY2019			FY2020			FY2021			4M2021			4M2022		
	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin	Gross profit		Gross profit margin
	RM'000	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*
Distribution and sales															
– Third-Party Brands	44,011	66.5	11.0	49,933	62.6	11.2	58,109	61.5	10.9	21,420	65.2	12.5	24,078	62.1	11.4
– Own Products	19,329	29.2	20.9	23,690	29.7	22.3	29,890	31.6	23.8	9,526	29.0	22.2	12,396	32.0	23.9
Sub-total	63,340	95.7	12.9	73,623	92.3	13.3	87,999	93.1	13.4	30,946	94.2	14.5	36,474	94.1	13.8
Logistics and other services	2,847	4.3	46.0	6,110	7.7	54.3	6,509	6.9	61.6	1,891	5.8	61.7	2,279	5.9	77.8
Total/overall	66,187	100.0	13.3	79,733	100.0	14.1	94,508	100.0	14.1	32,837	100.0	15.1	38,753	100.0	14.5

The gross profit margin of Own Brands, increasing from 23.2% for FY2019 to 27.3% for FY2021, was higher than that of the Third-Party Brands which decreased from 11.0% for FY2019 to 10.9% for FY2021. The gross profit margin of Own Products recorded a growth from 22.2% for 4M2021 to 23.9% for 4M2022 while the gross profit margin of Third-Party Brands decreased from 12.5% for 4M2021 to 11.4% for 4M2022. Among the Own Brands, *Mega Fresh* and *CED* contributed an aggregate of 76.3%, 76.1%, 76.8% and 73.4% of total gross profit of Own Brands for the Track Record Period. A new brand, *Mega Food* , introduced in FY2019 which contributed 10.6%, 9.1%, 7.7% and 7.6% of total gross profit of Own Brands for FY2019, FY2020, FY2021 and 4M2022, respectively, and the rise of contribution from *Sayangku* which accounted for 8.6%, 10.8%, 12.5% and 15.3% of total gross profit of Own Brands for FY2019, FY2020, FY2021 and 4M2022, respectively.

The gross profit margin of *Mega Fresh* was maintained at approximately 13.3%, 16.4%, 15.8% and 16.9% for the Track Record Period, respectively and the lower margins in FY2021 was mainly due to cost per unit increased by 6.7% while ASP was increased by 5.9% in FY2021 to retain competitiveness. The gross profit margin of Mega Fresh rebounded to 16.9% for 4M2022 mainly due to the increase in average selling price from RM4.2 for 4M2021 to RM4.8 for 4M2022, or 14.3%, outweighing the increase of cost per unit of 10.8% for 4M2022 comparing with 4M2021. As such, the revenue of *Mega Fresh* recorded a growth of 9.8% and 3.8% for FY2021 and 4M2022, respectively, compared with the prior year same period. The gross profit of *CED* grew at CAGR of 52.7% from FY2019 to FY2021 with increasing gross profit margin from 34.7% for FY2019 to 36.0% for FY2021 due to competitive pricing strategy. The gross profit margin of CED decreased to 35.4% for 4M2022 mainly due to the increase of cost per unit increased by 4.9% for 4M2022 comparing with FY2021 outweighing the increase in average selling price of 4.0% for 4M2022 comparing with FY2021. The gross profit margin of White Label Products decreased by 1.9% in FY2020 mainly due to increase in cost of sales to school canteens by 8.2% rendering the gross profit of White Label Products decreased by 2.7%. The gross profit margin then increased slightly to 16.2% for FY2021 mainly due to improvement in gross profit margin of sales to hypermarkets and supermarkets by 0.8% amid the shrinkage of sales to school canteens in FY2021 comparing with FY2020 which gross profit margin was the highest among other customers. The gross profit margin of White Label products was improved to 17.3% for 4M2022 mainly due to the increase in average selling price of 18.6% for 4M2022 outweighing the increase of cost per unit of 17.1% for 4M2022 comparing with FY2021.

By major customer type

The table below sets out a breakdown of gross profit and gross profit margin generated from our distribution and sales business (excluding revenue generated from logistics and others) by our major customer type during the Track Record Period:

	FY2019			FY2020			FY2021			4M2021			4M2022		
Customer Types	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**
	RM'000	%	%	*RM'000*	%	%	*RM'000*	%	%	*RM'000*	%	%	*RM'000*	%	%
Retail chains and channels															
Hypermarkets and supermarkets	33,534	52.9	13.0	39,560	53.7	13.5	48,275	54.9	13.9	17,115	55.3	14.9	20,161	55.3	14.3
Provision shops^(Note 1)	10,499	16.6	12.4	13,886	18.9	13.1	17,502	19.9	12.8	5,921	19.1	14.4	6,422	17.6	12.9
Convenience stores and kiosks	4,943	7.8	14.7	5,305	7.2	15.3	5,464	6.2	15.2	1,795	5.8	15.7	1,972	5.4	14.8
Subtotal	48,976	77.3		58,751	79.8		71,241	81.0		24,831	80.2		28,555	78.3	

	FY2019			FY2020			FY2021			4M2021			4M2022		
Customer Types	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**	**Gross profit**		**Gross profit margin**
	RM'000	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*	*RM'000*	*%*	*%*
Retail chains and channels															
F&B dealers and merchandisers	5,908	9.3	9.1	8,732	11.9	11.1	9,899	11.2	11.0	3,753	12.1	12.0	4,727	13.0	12.6
HORECA	2,143	3.4	15.3	1,524	2.1	14.7	1,678	1.9	13.8	582	1.9	15.2	986	2.7	14.6
School canteens	3,665	5.8	23.8	1,966	2.6	21.2	1,161	1.3	21.8	487	1.6	21.2	712	1.9	22.1
Others[(Note 2)]	2,648	4.2	13.4	2,650	3.6	12.3	4,020	4.6	12.9	1,293	4.2	14.1	1,494	4.1	12.2
Total/overall	63,340	100.0	12.9	73,623	100.0	13.3	87,999	100.0	13.4	30,946	100.0	14.5	36,474	100.0	13.8

Notes:

1. Provision shops are grocery stores which sell a variety of F&B and other products similar to those of supermarkets but typically operate on a smaller business scale.

2 Other customers include pharmacies, bookstores, bakery ingredient shops and pet shops.

The gross profit margin of our distribution and sales business for FY2020 was approximately 13.3%, an improvement of approximately 0.4%, which was mainly contributed by the hypermarkets and supermarkets, provision shops and F&B dealers and merchandisers. The gross profit margin then remained stable at approximately 13.4% for FY2021 mainly resulting from compensating effect of increasing gross profit margin of hypermarkets and supermarkets by approximately 0.4% and decreasing gross profit margin of provision shops by approximately 0.3%. The gross profit margin was then improved to approximately 13.8% for 4M2022 mainly due to improvement of gross profit margin of sales to hypermarkets and supermarkets of approximately 0.4% from approximately 13.9% for FY2021 to approximately 14.3% for 4M2022. The gross profit margin of F&B dealers and merchandisers improved from approximately 9.1% for FY2019 to 11.1% for FY2020, an increase of approximately 2.0% primarily owing to the combined effect of improvement of average gross margin of frozen foods and dairy products sold to F&B dealers and merchandisers from approximately 13.9% for FY2019 to approximately 14.7% for FY2020 and the increase in proportion of revenue from the aggregate of frozen foods and dairy products in total revenue from F&B dealers and merchandisers from approximately 15.8% for FY2019 to approximately 25.3% for FY2020. The gross profit margin was then kept at 11.0% for FY2021 and was improved to 12.6% for 4M2022. The gross profit margin of sales to convenience stores and kiosks recorded an improvement from approximately 14.7% for FY2019 to approximately 15.2% for FY2021 mainly attributable to the contribution of gross profit margin of dairy products sales to convenience stores and kiosks to the total gross profit margin of sales to convenience stores and kiosks improved from 10.7% for FY2019 to 11.8% for FY2021. The gross profit margin then decreased to 14.8% for 4M2022 mainly due to drop of gross profit margin of dairy products from 15.4% for FY2021 to 15.1% for 4M2022.

By product type

The following table sets forth a breakdown of our gross profit and gross profit margin of our distribution and sales business (excluding revenue from logistics and others) by product types for the years indicated.

	FY2019		FY2020		FY2021		4M2021		4M2022	
	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross Profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
F&B products										
Dairy products	18,266	12.1	20,187	11.8	21,649	11.5	7,974	13.3	7,795	11.6
Frozen food	18,347	14.5	20,058	15.2	20,855	14.1	7,347	14.0	9,693	15.2
Packaged food and commodities	6,053	9.7	6,274	8.8	7,510	8.6	3,111	11.6	3,012	8.8
Sauce, oil & condiment	6,088	10.9	6,467	10.8	6,462	9.1	2,635	11.3	3,703	11.0
Beverages	4,185	10.5	5,686	13.4	10,595	16.3	2,906	14.7	4,215	15.3
Specialty products	5,234	35.1	7,761	36.5	12,026	36.3	3,608	35.3	4,289	35.6
Subtotal of F&B products	58,173		66,433		79,097		27,581		32,707	
Non-F&B products										
Personal and baby care products	2,516	11.0	2,587	9.8	2,712	9.0	1,115	11.3	1,180	9.5
Pet care products	1,419	41.0	2,381	40.1	3,460	44.6	1,240	49.8	1,641	43.9
Cleaning and kitchen supplies	1,232	8.9	2,222	9.5	2,730	9.9	1,010	11.3	946	10.7
Subtotal of Non-F&B products	5,167		7,190		8,902		3,365		3,767	
	63,340		73,623		87,999		30,946		36,474	

During the Track Record Period, the gross profit of dairy products, frozen food and packaged food and commodities, being the major F&B categories, in aggregate, accounted for approximately 64.5%, 58.3%, 52.9% and 52.9% of the total gross profit for FY2019, FY2020, FY2021 and 4M2022, respectively. The average gross profit margins of these three types of products was stable at approximately 12.5% and 12.4% for FY2019 and FY2020. The gross profit margin was then decreased to approximately 11.8% for FY2021 mainly resulting from the drop of gross profit margin of dairy products and frozen food from approximately 11.8% for FY2020 to approximately 11.5% for FY2021 and approximately 15.2% for FY2020 to approximately 14.1% for FY2021, respectively. The gross profit margin of dairy products, frozen food and packaged food and commodities then rebounded to 12.4% for 4M2022. The overall average gross profit margin of distribution and sales slightly improved to approximately 13.3% and approximately 13.4% in both FY2020 and FY2021, respectively. The overall average gross profit margin was then improved to 13.8% for 4M2022.

Amid different products, specialty products and pet care products achieved the highest gross profit margin of approximately 36.5% and 44.6% during the Track Record Period, respectively. The proportion of revenue of both products to total revenue of our distribution and sales business increased from approximately 3.0% and 0.7% for FY2019 to approximately 3.8% and 1.0% for FY2020, respectively contributed an aggregate increase in the overall gross profit margin of approximately 0.5% for FY2020. Both products kept the gross profit margin at approximately 36.3% and 44.6% for FY2021 and 35.6% and 43.9% for 4M2022, respectively which accounted for approximately 16.4% and 15.3% of total gross profit for FY2021 and 4M2022, respectively.

The gross profit margin of dairy products dropped approximately 0.3% in FY2020 from 12.1% for FY2019 primarily attributable to the decrease of gross profit margin of three brands of milk related products, contributing approximately 0.6% drop in the gross profit margin of dairy products which was partially set off by the contribution of the increase in gross profit margin of dairy products of approximately 0.3% from Brand A and Brand B. The gross profit margin of dairy products decreased slightly to approximately 11.5% for FY2021 mainly because of the increase in unit cost of approximately 2.7% being larger than the increase in average selling price of approximately 2.2%, especially the increase of unit cost of Brand A and Brand B of approximately 7.2% and 16.9%, respectively. The gross profit margin was then improved to 11.6% for 4M2022 mainly due to improvement of gross profit margin of Brand A of 0.6% comparing with FY2021.

The gross profit margin of frozen food recorded an increase of approximately 0.7% in FY2020 from 14.5% for FY2019 mainly through improvement in control over the supply costs, especially the gross profit margin of *Mega Fresh* was improved from approximately 13.3% for FY2019 to approximately 16.4% for FY2020 which contributed a gain of approximately 1.2% of gross profit margin of frozen food. The gross profit margin then decreased to approximately 14.1% in FY2021 mainly due to drop in gross profit margin of both *Mega Fresh* and Brand C of approximately 0.6% and 3.2%, respectively comparing with

FY2020. The gross profit margin was improved to 15.2% for 4M2022 mainly due to improvement in gross profit margin of Mega Fresh and White Label of 1.1% and 1.1%, respectively comparing with FY2021.

The gross profit margin of packaged food and commodities shrank from approximately 9.7% for FY2019 to 8.8% for FY2020 mainly attributable to tightening of the discount margin offered by the supplier, *Mondelez* without adjusting the selling price at the same extent to preserve our growth in gross profit. The brands of products offered by *Mondelez* accounted for approximately 78.4%, 74.8%, 62.7% and 55.9% of our total revenue from sales of packaged food and commodities for the Track Record Period, respectively. As such, the revenue from packaged food and commodities recorded a CAGR of 18.5% from FY2019 to FY2021. The gross profit margin recorded a drop of 0.2% to 8.6% for FY2021 comparing with FY2020 mainly attributable to rise of unit cost of approximately 5.1% being higher than the increase in average selling price of 4.9% comparing with FY2020. The gross profit margin recorded a growth of 0.2% to 8.8% for 4M2022 comparing with FY2021 mainly due to improvement in gross profit margin of sales to hypermarkets and supermarkets from 8.6% for FY2021 to 9.3% for 4M2022.

The gross profit margin of sauce, oil and condiments remained stable at 10.9% and 10.8% for FY2019 and FY2020, respectively. The gross profit margin then decreased to approximately 9.1% for FY2021 which was mainly caused by the decrease of gross profit margin of Ajinomoto by 1.9%. The gross profit margin increased to 11.0% for 4M2022 mainly caused by improvement in gross profit margin of Ajinomoto by 0.9%. Revenue generated from products of Ajinomoto accounted for approximately 37.6%, 38.7%, 39.1% and 33.8% of total revenue of sauce, oil and condiments for the Track Record Period, respectively.

The gross profit margin of beverages improved from approximately 10.5% for FY2019 to approximately 13.4% for FY2020 mainly attributable to the increase of proportion of carbonated drinks to total beverages from approximately 29.2% for FY2019 to 35.4% for FY2020. Among the brands of carbonated drinks, the gross profit margin of one brand of brewed drink products, which accounted for 51.7% and 60.6% of our total revenue from sales of carbonated drinks for FY2019 and FY2020, respectively, improved from approximately 38.3% for FY2019 to 44.5% for FY2020. With the increase of revenue and gross profit of this brand of brewed drink products for FY2021 of 123.7% and 92.2%, respectively compared with the prior year, the gross profit margin of beverages contributed an improvement of margin of 2.4% for beverages out of the total improvement of 2.9% for FY2021. The gross profit margin then decreased to approximately 15.3% for 4M2022 mainly attributable to the decrease in proportion of the sales of the brand of brewed drink products with high gross profit margin to total revenue of beverages from 31.4% for FY2021 to 26.0% resulting from increasing sales of other brands.

The gross profit margin of specialty products which are our Own-Brand Products increased from approximately 35.1% for FY2019 to 36.5% for FY2020 mainly due to reduction of discount offer to the customers in salt products resulting in improvement of gross profit margin of salt products which contributed a gain in overall gross profit margin of specialty products of approximately 2.0% for FY2020, respectively. The gross profit margin of one own brand of specialty products with higher gross profit margin decreased by 1.7% during FY2021 resulted in the slight drop of gross profit margin of specialty products from 36.5% for FY2020 to 36.3% for FY2021. The gross profit margin of specialty products then decreased to 35.6% for 4M2022 as the gross profit margin of another own brand of specialty products decreased by approximately 0.6% comparing with FY2021.

While the average selling price of personal and baby care products in FY2020 remained unchanged to remain competitive in the market, in light of rising cost of 17.0%, the gross profit margin decreased by approximately 1.2% to approximately 9.8% in FY2020. The gross profit margin decreased further from approximately 9.8% for FY2020 to approximately 9.0% for FY2021 mainly because the increase in average unit cost of approximately 10.1% outweighed the increase in average selling price of approximately 9.2%. The gross profit margin rebounded to 9.5% for 4M2022 as the rise in average selling price exceeded the increase in average unit cost by 0.5% comparing with FY2021.

There were two brands of products under pet care category, *Sayangku* and *Snowcat*, which are our Own Brands, accounted for approximately 96.8%, 98.9%, 100% and 100% of total revenue from pet care products during the Track Record Period, respectively. The increase of revenue for FY2020 of approximately RM2.5 million consisted mainly of the increase in sales of *Sayangku* of approximately RM2.3 million through our marketing efforts. The decrease in gross profit margin of both *Snowcat* and *Sayangku* in FY2020 of approximately 1.8% and 1.7%, respectively pulled down the overall gross profit margin of pet care products to approximately 40.1% for FY2020. The gross profit margin was improved from approximately 40.1% for FY2020 to approximately 44.6% for FY2021 mainly due to decrease in cost per unit of approximately 7.8% resulting from more sales of relatively lower cost items of these two brands during FY2021. The gross profit margin then decreased to 43.9% mainly due to the decrease of average selling price from RM6.5 for FY2021 to RM6.2 for 4M2022 resulting from a competitive price strategy which increased the revenue by approximately 50.0% comparing with 4M2021.

Other income

Other income of approximately RM1.9 million, RM2.8 million, RM1.3 million and RM0.2 million for FY2019, FY2020, FY2021 and 4M2022 mainly consisted of rental income, interest income, exchange gain, dividend income and government grants which in aggregate accounted for approximately 76.5%, 71.3%, 46.8% and 60.6% of our total other income for the Track Record Period, respectively. The rental income was derived mainly from leasing of investment properties. There was government grants in respect of wage subsidy in relation to COVID-19 received from the Malaysian government of approximately RM0.9 million for FY2020 while there were grants of approximately RM46,000 received in FY2021 which contributed to the decrease of other income from approximately RM2.8 million for FY2020 to approximately RM1.3 million for FY2021. Other income decreased by approximately 60.0% from approximately RM0.5 million for 4M2021 to approximately RM0.2 million for 4M2022, primarily due to decrease of rental income of approximately RM0.1 million.

Selling and distribution expenses

Our selling and distribution expenses mainly consist of (i) staff costs; (ii) transportation expenses; (iii) vehicle maintenance expenses; (iv) travelling expenses and (v) marketing and advertising expenses. The following table sets forth a breakdown of the components of our selling and distribution expenses for the years/periods indicated.

	FY2019		FY2020		FY2021		4M2021		4M2022	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Staff costs	13,859	45.6	17,818	49.0	18,648	45.8	5,745	48.4	6,185	43.5
Transportation expenses[1]	7,813	25.8	9,024	24.8	10,106	24.8	2,794	23.6	3,738	26.3
Travelling expenses	2,465	8.1	2,126	5.8	2,285	5.6	692	5.8	862	6.0
Vehicle maintenance expenses	2,378	7.8	2,885	8.0	3,194	7.9	1,109	9.4	1,033	7.3
Marketing and advertising expenses	2,609	8.6	3,456	9.5	4,685	11.5	1,037	8.8	1,880	13.2
Others[2]	1,245	4.1	1,040	2.9	1,781	4.4	473	4.0	530	3.7
	30,369	100.0	36,349	100.0	40,699	100.0	11,850	100.0	14,228	100.0

Note:

1. The amounts include the cost for engaging third party service providers for clearance of overseas shipments and port-to-warehouse delivery, which amounted to approximately RM1.3 million, RM2.1 million, RM2.6 million and RM0.9 million for FY2019, FY2020, FY2021 and 4M2022, respectively.

2. Others represent expenses incurred for sales and distribution such as packing material, insurance expenses and sundry expenses.

Our selling and distribution expenses increased during the Track Record Period primarily due to the increased staff costs. The selling and distribution expenses expressed as a percentage of our total revenue were kept stable at approximately 6.1% for FY2019 and 6.4% for FY2020. Such percentage was then decreased to 6.1% for FY2021 and further decreased to 5.3% for 4M2022.

Administrative and other operating expenses

Our administrative and other operating expenses mainly consist of (i) staff costs; (ii) utility expenses; (iii) insurance; (iv) depreciation; and (v) professional fee. The following table sets forth a breakdown of the major components of our administrative and other operating expenses, for the years/periods indicated.

	FY2019		FY2020		FY2021		4M2021		4M2022	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Staff costs	5,768	44.9	7,203	50.3	7,214	45.1	2,612	46.5	2,719	44.4
Utility expenses	2,777	21.6	2,724	19.0	2,467	15.4	434	7.7	906	14.8
Insurance	465	3.6	767	5.3	640	4.0	223	4.0	256	4.2
Depreciation of property, plant and equipment	287	2.2	357	2.5	507	3.2	164	2.9	127	2.1
Depreciation of right-of-use assets	298	2.3	188	1.3	197	1.2	16	0.3	94	1.5
Depreciation of investment properties	257	2.0	265	1.9	–	–	–	0.6	–	–
Professional fee	480	3.7	315	2.2	770	4.8	215	3.8	122	2.0
Others[(1)]	2,523	19.7	2,501	17.5	4,207	26.3	1,952	34.2	1,897	31.0
	12,855	100.0	14,320	100.0	16,002	100.0	5,616	100.0	6,121	100.0

Note:

1. Others represent repair and maintenance, office expenses and sundry expenses.

During the Track Record Period, we incurred administrative and other operating expenses of approximately RM12.9 million, RM14.3 million, RM16.0 million and RM6.1 million, respectively, accounting for approximately 2.6%, 2.5%, 2.4% and 2.3%, respectively, of our total revenue. Our administrative expenses increased gradually from FY2019 to FY2021 mainly due to increase in staff costs for more employees were hired to enhance the administration to meet the enlarged scale of operation.

Listing expenses

Listing expenses comprise professional and other expenses in relation to our Listing. Our Listing expenses amounted to approximately RM28,000, RM3.2 million, RM5.0 million and RM1.6 million for FY2019, FY2020, FY2021 and 4M2022, respectively.

Finance costs

Our finance costs amounting to approximately RM1.9 million, RM1.6 million, RM1.4 million and RM0.5 million for FY2019, FY2020, FY2021 and 4M2022, respectively, and consisted of interest expenses on our bank overdrafts, interest-bearing borrowings and lease liabilities.

Interest expenses on bank overdrafts and interest-bearing borrowings amounted to approximately RM1.8 million, RM1.4 million, RM1.2 million and RM0.4 million, representing approximately 92.9%, 91.1%, 88.1% and 90.4% of the total finance cost for FY2019, FY2020, FY2021 and 4M2022, respectively. Interest expenses on lease liabilities amounted to approximately RM0.1 million, RM0.2 million, RM0.2 million and RM47,000, representing approximately 7.1%, 8.9%, 11.9% and 9.6% of the total finance cost for FY2019, FY2020, FY2021 and 4M2022, respectively. Interest expense on leasing liabilities represents part of the expenses related to lease under the adoption of IFRS 16.

Income tax expenses

Since our operation is based in Malaysia, our Group is subject to corporate income tax in accordance with the tax regulations of Malaysia. The standard corporate tax rate in Malaysia was 24% throughout the Track Record Period subject to certain tax concessions and exemptions.

Our effective income tax rate, equal to the sum of our income tax expenses divided by our profit before tax, was approximately 23.1%, 30.7%, 28.0% and 27.8% for FY2019, FY2020, FY2021 and 4M2022, respectively. Our effective tax rate for FY2019 was relatively consistent with the standard corporate tax rate of 24% in Malaysia. The effective tax rates for FY2020, FY2021 and 4M2022 were higher than the standard rate mainly due to non-deductible expenses of approximately RM2.0 million, RM1.4 million and RM0.7 million, respectively which mainly were listing expenses.

During the Track Record Period and up to the Latest Practicable Date, we fulfilled all of our tax obligations and had not been subject to any tax audit and/or investigation by Inland Revenue Board of Malaysia or any relevant departments due to irregularities alleged against or committed by our Group.

RESULTS OF OPERATIONS

4M2022 compared with 4M2021

Revenue

Our revenue increased by approximately RM49.6 million or 22.8% from approximately RM217.1 million for 4M2021 to approximately RM266.7 million for 4M2022. Such increase was mainly as a result of the combined effects of:

(i) Increase in the revenue from Third-Party Brand Distribution: the revenue has increased by approximately RM40.7 million or approximately 23.8% from approximately RM171.1 million in 4M2021 to approximately RM211.8 million in 4M2022 which was mainly attributable to the increase in revenue contributed by (i) sauce, oil and condiments of approximately RM10.4 million primarily contributed by the increase in sales of three brands of products of RM6.7 million in aggregate,

(ii) beverage products of approximately RM7.8 million primarily due to increase of number of active customers and hence increase in sales of one brand of brewed drink products, two brands of coffee drink and one brand of flavoured drinks of approximately RM1.3 million, RM2.2 million and RM1.3 million, respectively, (iii) packaged food and commodities of approximately RM7.2 million primarily due to the increase in sales of one brand of canned food of RM3.8 million and (iv) dairy products of approximately RM7.2 million primarily due to a new Third-Party brand of milk products and the increase in sales of Brand B which contributed approximately RM2.8 million and RM2.2 million, respectively in 4M2022.

(ii) Increase in the revenue from Own Products: the revenue has increased by approximately RM9.0 million or approximately 21.0% from approximately RM42.9 million in 4M2021 to approximately RM51.9 million in 4M2022 which was mainly attributable to the increase in revenue contributed by (i) frozen food of approximately RM5.9 million of which White Label accounted for the increase of approximately RM5.4 million primarily benefited from the increase in customers of hypermarkets and supermarkets which contributed an increase of approximately RM4.2 million and (ii) specialty products of approximately RM1.8 million primarily due to increase in demand of such products.

Cost of sales

Our cost of sales increased by approximately RM43.7 million or 23.7% from approximately RM184.2 million for 4M2021 to approximately RM227.9 million for 4M2022, generally in line with the increased sales of our products of approximately 22.8%.

Gross profit and gross profit margin

As a result of the above, our gross profit increased by approximately RM6.0 million or approximately 18.3% from approximately RM32.8 million for 4M2021 to approximately RM38.8 million for 4M2022. The increase in our gross profit is generally in line with the increasing sales from our distribution business mainly in dairy products, frozen food, sauce, oil and condiments and beverage which accounted for approximately 76.8% of the increase in total gross profit for 4M2022.

Our gross profit margin decreased slightly from approximately 15.1% for 4M2021 to approximately 14.5% for 4M2022 mainly resulting from decrease in gross profit margin of distribution business from approximately 14.5% for 4M2021 to approximately 13.8% for 4M2022 mainly due to the decrease of gross profit margin of dairy products from approximately 13.3% for 4M2021 to approximately 11.6% for 4M2022 which was mainly contributed by the impact of the decrease in gross profit margins of Brand A and Brand D of 0.8% in aggregate.

Other income

Other income decreased by approximately 60.0% from approximately RM0.5 million for 4M2021 to approximately RM0.2 million for 4M2022, primarily due to decrease of rental income of approximately RM0.1 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 19.3% from approximately RM11.9 million for 4M2021 to approximately RM14.2 million for 4M2022, primarily due to (i) the increase in marketing and advertising of approximately RM0.8 million mainly attributable to more marketing activities conducted during 4M2022 to promoting sales; and (ii) the increase in transportation expenses and travelling expenses of approximately RM0.9 million and RM0.2 million, respectively in meeting the increasing activities of sales.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 8.9% from approximately RM5.6 million for 4M2021 to approximately RM6.1 million for 4M2022, primarily due to the increase in utility expenses of approximately RM0.5 million.

Finance costs

Our finance costs remained stable at approximately RM0.5 million as at 30 April 2021 and 2022 notwithstanding the balances of interest-bearing borrowings as at 30 April 2022 increased by approximately RM11.2 million comparing with that of 30 April 2021 as the drawdown of material interest-bearing borrowings was made near the end of 4M2022 while the drawdown was made at the middle of 4M2021.

Income tax expenses

Income tax expenses increased by approximately 17.9% from approximately RM3.9 million for 4M2021 to approximately RM4.6 million for 4M2022. The increase was mainly due to the increase in profit before tax by approximately 26.3% which was partially offset by the decrease of non-deductible items which consisted of mostly non-recurring listing expenses of approximately RM0.2 million.

Our effective tax rate, which is calculated based on income tax expenses divided by profit before tax, was approximately 29.6% and 27.8% for 4M2021 and 4M2022, respectively.

Profit for the period and net profit margin

As a result of the foregoing, our net profit increased by approximately 29.3% from approximately RM9.2 million for 4M2021 to approximately RM11.9 million for 4M2022. Our net profit margin was improved from approximately 4.2% for 4M2021 to 4.5% for 4M2022 mainly resulting from decrease of listing expenses which contributed an increase of net profit margin of 0.4%.

Non-IFRS measures – Adjusted net profit margin

Our adjusted net profit margin (Non-IFRS measure) decreased from approximately 5.3% for 4M2021 to 5.1% for 4M2022.

FY2021 compared with FY2020

Revenue

Our revenue increased by approximately RM104.1 million or 18.4% from approximately RM564.6 million for FY2020 to approximately RM668.7 million for FY2021. Such increase was mainly as a result of the combined effects of:

(i) Increase in the revenue from Third-Party Brand Distribution: the revenue has increased by approximately RM85.3 million or approximately 19.1% from approximately RM447.3 million in FY2020 to approximately RM532.6 million in FY2021 which was mainly attributable to the increase in revenue contributed by (i) beverage products of approximately RM22.5 million primarily due to increase of number of active customers and increase in sales of one brand of brewed drink products, and two brands of flavoured drink products of approximately RM11.2 million and approximately RM3.8 million, respectively, (ii) dairy products of approximately RM17.9 million primarily due to adoption of a relatively competitive pricing strategy, (iii) packaged food and commodities of approximately RM15.9 million primarily due to the increase in sales of one brand of chocolate of approximately RM5.1 million and (iv) frozen food of approximately RM10.7 million primarily coming from the increase in sales of Brand C and one Third-Party Brand of frozen processed food of approximately RM1.6 million and RM4.6 million, respectively.

(ii) Increase in the revenue from Own Products: the revenue has increased by approximately RM19.4 million or approximately 18.3% from approximately RM106.1 million in FY2020 to approximately RM125.5 million in FY2021 which was mainly attributable to the increase in revenue contributed by (i) frozen food of approximately RM5.2 million of which White Label accounted for the increase of approximately RM1.7 million primarily due to the adoption of a relatively competitive pricing strategy and (ii) specialty products of approximately RM11.9 million primarily due to increase in demand of such products.

Cost of sales

Our cost of sales increased by approximately RM89.3 million or 18.4% from approximately RM484.9 million for FY2020 to approximately RM574.2 million for FY2021, generally in line with the increased sales of our products of approximately 18.4%.

Gross profit and gross profit margin

As a result of the above, our gross profit increased by approximately RM14.8 million or approximately 18.6% from approximately RM79.7 million for FY2020 to approximately RM94.5 million for FY2021. The increase in our gross profit is generally in line with the increasing sales from our distribution and sales business mainly in beverage, packaged food and commodities, dairy products and specialty products which accounted for approximately 80.4% of the increase in total gross profit for FY2021.

Our gross profit margin was kept stable at approximately 14.1% for both FY2020 and FY2021 mainly resulting from a combined effect of (i) the increase in the gross profit margin contribution from sales of higher margin products, namely beverages and pet care products which was offset by the decrease in gross profit contribution from sales of dairy products and frozen food; and (ii) increase in gross profit margin of logistics and other services from approximately 54.3% for FY2020 to 61.6% for FY2021 resulting mainly from increase in proportion of relatively higher margin marketing incentive income from suppliers to total revenue of logistics and other services from 34.2% for FY2020 to 45.7% for FY2021.

Other income

Other income decreased by approximately 53.6% from approximately RM2.8 million for FY2020 to approximately RM1.3 million for FY2021, primarily due to decrease of wage subsidy received from the government of approximately RM0.8 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 12.1% from approximately RM36.3 million for FY2020 to approximately RM40.7 million for FY2021, primarily due to (i) the increase in marketing and advertising of approximately RM1.2 million mainly attributable to more activities conducted during FY2021; and (ii) the increase in transportation expenses and staff costs of approximately RM1.1 million and RM0.8 million, respectively.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 11.9% from approximately RM14.3 million for FY2020 to approximately RM16.0 million for FY2021, primarily due to the increase in (i) sundry expenses of RM1.7 million resulted from increase in miscellaneous expenses, such as stamp duty and provision for loss allowance of trade receivables in aggregate of approximately RM1.0 million; (ii) legal and professional fees of approximately RM0.5 million which was mainly attributable to the acquisition of a piece of land during FY2021 and distribution of investment properties to them equity owners of the Company.

Finance costs

Our finance costs decreased by approximately 12.5% from approximately RM1.6 million for FY2020 to approximately RM1.4 million for FY2021. The decrease was mainly due to the decrease in effective interest rates for interest-bearing borrowings in FY2021.

Income tax expenses

Income tax expenses increased by approximately 10.8% from approximately RM8.3 million for FY2020 to approximately RM9.2 million for FY2021 which was mainly contributed by the increase of revenue of approximately 18.4% for FY2021. Our effective tax rate, which is calculated based on income tax expenses divided by profit before tax, was approximately 30.7% and 28.0% for FY2020 and FY2021, respectively which were higher than the standard tax rate of 24% mainly due to non-deductible items of approximately RM2.0 million and RM1.4 million for FY2020 and FY2021, respectively.

Profit for the year and net profit margin

As a result of the foregoing, our net profit increased by approximately 25.5% from approximately RM18.8 million for FY2020 to approximately RM23.6 million for FY2021. Our net profit margin increased from 3.3% for FY2020 to 3.5% for FY2021 mainly due to the decrease in the percentage of both selling and distribution expenses and administrative and other operating expenses over the revenue for FY2021 of approximately 0.4% which was partially offset by the increase in listing expenses.

Non-IFRS measures – Adjusted net profit margin

Our adjusted net profit margin (non-IFRS measure) increased slightly from approximately 3.9% for FY2020 to 4.3% for FY2021.

FY2020 compared with FY2019

Revenue

Our revenue increased by approximately RM67.2 million or 13.5% from approximately RM497.4 million for FY2019 to approximately RM564.6 million for FY2020. Such increase was mainly as a result of the combined effects of:

(i) Increase in the revenue from Third-Party Brand Distribution: the revenue has increased by approximately RM48.5 million or approximately 12.2% from approximately RM398.8 million in FY2019 to approximately RM447.3 million in FY2020 which was mainly attributable to the increase in revenue contributed by (i) dairy products of approximately RM16.3 million primarily due to the increase in sales of Brand A, an international ice-cream brand, under our distribution by approximately 16.6%, (ii) packaged food and commodities of approximately RM9.3 million primarily due to an increase in average selling price of approximately 11.1%, and (iii) non-F&B products of approximately RM13.0 million primarily due to the increase in the revenue from cleaning and kitchen supplies.

(ii) Increase in the revenue from Own Products: the revenue has increased by approximately RM13.6 million or approximately 14.7% from approximately RM92.5 million in FY2019 to approximately RM106.1 million in FY2020 which was mainly attributable to the increase in revenue contributed by (i) specialty products of approximately RM6.4 million, (ii) dairy products of approximately RM2.6 million, (iii) pet care products of approximately RM2.5 million and (iv) frozen food of approximately RM2.3 million. The increase was primarily attributable to the increase in demand of dairy products, specialty products and pet care products during the pandemic period and our enhanced efforts in the promotion of our Own Products which was reflected by the increase in marketing and advertising expenses by approximately 32.5% in the respective year.

Cost of sales

Our cost of sales increased by approximately RM53.7 million or 12.4% from approximately RM431.2 million for FY2019 to approximately RM484.9 million for FY2020, generally in line with the increased sales of our products mainly in dairy products and packaged food and commodities and frozen food as aforementioned.

Gross profit and gross profit margin

As a result of the above, our gross profit increased by approximately RM13.5 million or approximately 20.5% from approximately RM66.2 million for FY2019 to approximately RM79.7 million for FY2020. The increase in our gross profit is generally in line with the increasing sales from our distribution and sales business mainly in dairy products and packaged food and commodities as aforementioned.

Our gross profit margin was improved slightly from approximately 13.3% for FY2019 to approximately 14.1% for FY2020 mainly resulting from increase in gross profit margin of distribution and sales business from approximately 12.9% for FY2019 to 13.3% for FY2020 and increase in gross profit margin of logistics and other services from approximately 46.0% for FY2019 to 54.3% for FY2020.

Other income

Other income increased by approximately 46.2% from approximately RM1.9 million for FY2019 to approximately RM2.8 million for FY2020, primarily due to wage subsidy received from the government of approximately RM0.9 million.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 19.7% from approximately RM30.4 million for FY2019 to approximately RM36.3 million for FY2020, primarily due to (i) the increase in staff costs related to sales, marketing and advertising of approximately RM4.0 million for FY2020 comparing with FY2019 resulting from increase in number of sales and marketing staff and increase in bonus for performance for meeting performance target; and (ii) the increase in transportation expenses of approximately RM1.2 million mainly resulting from increase in sales activities for FY2020.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately 11.4% from approximately RM12.9 million for FY2019 to approximately RM14.3 million for FY2020, primarily due to the increase in staff costs of approximately RM1.4 million mainly resulting from increase in number of administrative staff.

Finance costs

Our finance costs decreased by approximately 17.2% from approximately RM1.9 million for FY2019 to approximately RM1.6 million for FY2020. The decrease was mainly due to the decrease in inception of interest-bearing borrowings for FY2020 and effective interest rates for interest-bearing borrowings in FY2020.

Income tax expenses

Income tax expenses increased by approximately 57.0% from approximately RM5.3 million for FY2019 to approximately RM8.3 million for FY2020. The increase was mainly due to the increase in profit before tax by approximately 18.1% and the increase of non-deductible items of approximately RM1.5 million mainly resulting from listing expenses. Our effective tax rate, which is calculated based on income tax expenses divided by profit before tax, was approximately 23.1% and 30.7% for FY2019 and FY2020, respectively.

Profit for the year and net profit margin

As a result of the foregoing, our net profit increased by approximately 6.5% from approximately RM17.7 million for FY2019 to approximately RM18.8 million for FY2020. Our net profit margin remained stable at approximately 3.5% for FY2019 and 3.3% for FY2020.

Non-IFRS measures – Adjusted net profit margin

Our adjusted net profit margin (non-IFRS measure) increased from approximately 3.6% for FY2019 to 3.9% for FY2020.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we principally financed our operations primarily through cash generated internally from our operations and bank borrowings. Our cash requirements primarily related to our operation and capital expenditures. Our cash and cash equivalents consisted of deposits with banks and cash on hand. During the Track Record Period, we were able to repay our obligations under bank borrowings when they became due. We expect that there will not be any material change in the sources and uses of the cash of our Group upon completion of the Listing and in the future, except that we will have additional funds from the proceeds of the Listing for implementing our future plans as detailed in "Future Plans and Use of Proceeds" in this prospectus.

Cash Flows

The following table sets forth a summary of our combined statements of cash flows for the years indicated.

	For the year ended 31 December			For the four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Operating cash flows before movements in working capital	28,045	31,996	39,702	15,209	19,611
Changes in working capital	(6,717)	8,123	(26,145)	(8,685)	(20,104)
Income tax paid	(6,316)	(8,471)	(8,552)	(2,600)	(3,249)
Net cash from/(used in) operating activities	15,012	31,648	5,005	3,924	(3,742)
Net cash (used in)/from investing activities	(10,922)	(7,500)	567	3,454	(2,450)
Net cash from/(used in) financing activities	1,463	(22,764)	(14,214)	(7,834)	10,161
Net increase/(decrease) in cash and cash equivalents	5,553	1,384	(8,642)	(456)	3,969
Cash and cash equivalents at the beginning of the year/period	6,075	11,628	13,012	13,012	4,370
Cash and cash equivalents at the end of the year/period	11,628	13,012	4,370	12,556	8,339

Net cash from operating activities

Our net cash from operating activities for FY2019 was approximately RM15.0 million, primarily comprising cash generated from operations of approximately RM21.3 million and income tax paid of approximately RM6.3 million. Our cash generated from operations reflected profit before tax for the year of approximately RM23.0 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment, investment properties and right-of-use assets of approximately RM3.4 million in aggregate; (ii) finance costs of approximately RM1.9 million which primarily comprised of interest expenses on lease liabilities and bank borrowings; and (iii) interest income of approximately RM0.5 million. Our change in working capital contributed to a cash outflow of approximately RM6.7 million, which was primarily due to (i) increase in inventories of approximately RM4.2 million due to the growing operations for the year which resulted in the increase in the stockpile of products;

(ii) increase in trade and other receivables of approximately RM8.9 million primarily due to increase in trade receivables during the year; and partially offset by (iii) the increase in trade and other payables of approximately RM6.4 million primarily due to increase in purchase of products before year end in view of expected increase in sales after year end.

Our net cash from operating activities for FY2020 was approximately RM31.6 million, primarily comprising cash generated from operations of approximately RM40.1 million and income tax paid of approximately RM8.5 million. Our cash generated from operations reflected profit before tax for the year of approximately RM27.1 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment, investment properties and right-of-use assets of approximately RM3.4 million in aggregate; (ii) finance costs of approximately RM1.6 million which primarily comprised of interest expenses on lease liabilities and bank borrowings; and (iii) interest income of approximately RM0.5 million. Our change in working capital contributed to a cash inflow of approximately RM8.1 million, which was primarily due to (i) the increase in trade and other payables of approximately RM13.6 million primarily due to increase in purchase during FY2020; and partially offset by (ii) increase in inventories of approximately RM1.6 million to meet the expected sales in January 2021; and (iii) increase in trade and other receivables of approximately RM4.0 million primarily due to increase in trade and other receivable during FY2020.

Our net cash from operating activities for FY2021 was approximately RM5.0 million, primarily comprising cash generated from operations of approximately RM13.6 million and income tax paid of approximately RM8.6 million. Our cash generated from operations reflected profit before tax for the year of approximately RM32.8 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RM4.4 million in aggregate; (ii) finance costs of approximately RM1.4 million which primarily comprised interest expenses on lease liabilities and bank borrowings; and (iii) interest income of approximately RM0.3 million. Our change in working capital contributed to a cash outflow of approximately RM26.1 million, which was primarily due to (i) the increase in trade and other receivables of approximately RM22.8 million primarily due to increase in trade and other receivable during FY2021; (ii) the increase in inventories of approximately RM12.0 million to meet the expected sales in January 2022 and partially offset by (iii) the increase in trade and other payables of approximately RM8.7 million primarily due to increase in purchase during FY2021.

Our net cash used in operating activities for 4M2022 was approximately RM3.7 million, primarily comprising cash used in operations of approximately RM0.5 million and income tax paid of approximately RM3.2 million. Our cash used in operations reflected profit before tax for the period of approximately RM16.5 million, as adjusted for the following major items: (i) depreciation of property, plant and equipment and right-of-use assets of approximately RM1.5 million in aggregate; (ii) finance costs of approximately RM0.5 million which primarily comprised of interest expenses on lease liabilities and interest-bearing borrowings; and (iii) interest income of approximately RM0.1 million. Our change in working capital contributed to a cash outflow of approximately RM20.1 million, which was primarily due to (i) the increase in trade and other receivables of approximately RM25.6 million primarily due to increase sales during 4M2022; (ii) the increase in inventories of approximately RM7.6 million to meet the expected sales in April 2022 and partially offset by (iii) the increase in trade and other payables of approximately RM13.1 million primarily due to increase in purchase during 4M2022.

We expect our net operating cash outflows position as at 30 April 2022 will be improved through our efforts in improving the cash flows from operating activities including:

- Closely examining the aging of the trade and other receivables and adopting progressive approach in demanding payments from the customers. We may negotiate with the customers in amicable manner to accelerate the payments or consider shortening their credit terms. We will closely monitor the collection of payments from customers to ensure payments without delay or compromising the credit terms we offer to minimise the over aged and overdue receivables.

- Closely reviewing the inventory turnover item by item. We will monitor the aging of the inventory and identify any overstock items or slow items for improvement and adjustment in purchases to minimise unnecessary stockpile without meeting forecast sales and speed up the turnover. We will also review the sales situation of our customers by brands to make appropriate re-order of inventory at an appropriate time to avoid the unnecessary quantities of inventories.

- Closely monitoring the settlement to the suppliers. We will endeavour to negotiate with the suppliers with more favourable credit terms in light of increasing quantity ordered. We will maximise the utilization of the credit terms offered by the suppliers without undermining the relationship with the suppliers.

- Closely reviewing the pricing strategy. We will adjust our pricing of our products in responding to the market demand. Price may be reduced to stimulate the sales when the demand is stagnant and increased in case the demand is strong. Through the adaptation of pricing in time in meeting the fast-changing market, we expect to procure better sales and cash flows.

Net cash (used in)/from investing activities

Our net cash used in investing activities for FY2019 was approximately RM10.9 million, primarily representing the purchase of investment properties, right-of-use assets and property, plant and equipment of approximately RM9.3 million in aggregate and placement of pledged bank deposits of approximately RM2.2 million.

Our net cash used in investing activities for FY2020 was approximately RM7.5 million, primarily representing the purchase of property, plant and equipment of approximately RM4.6 million, net placement of financial assets at FVPL of approximately RM6.0 million and partially set off by withdrawal of pledged bank deposits of approximately RM2.8 million.

Our net cash from investing activities for FY2021 was approximately RM0.6 million, primarily representing the net proceeds of disposal of financial assets at FVPL of approximately RM5.7 million which was partially set off by the purchase of property, plant and equipment of approximately RM5.1 million.

Our net cash used in investing activities for 4M2022 was approximately RM2.5 million, primarily representing the purchase of property, plant and equipment of approximately RM1.5 million and deposit paid for property, plant and equipment of approximately RM1.1 million.

Net cash (used in)/from financing activities

Our net cash from financing activities for FY2019 was approximately RM1.5 million, primarily representing payment of finance costs of approximately RM1.9 million, repayment of lease liabilities of approximately RM1.0 million and the increase in repayment of amount due to the Controlling Shareholders of approximately RM4.1 million and partially offset by the net increase in interest-bearing borrowings of RM8.6 million.

Our net cash used in financing activities for FY2020 was approximately RM22.8 million, primarily representing finance costs paid of approximately RM1.6 million, net payment of bank borrowings and lease liabilities of approximately RM10.0 million and RM0.7 million respectively, dividends paid to our Group's shareholders of approximately RM10.5 million, and the increase in repayment of amount due to the Controlling Shareholders of approximately RM1.6 million and partially offset by the advance from related parties of approximately RM1.7 million.

Our net cash used in financing activities for FY2021 was approximately RM14.2 million, primarily representing finance costs paid of approximately RM1.4 million, dividends paid to our Group's shareholders of approximately RM10.5 million, the repayment to Ultimate Controlling Party and related parties of an aggregate of approximately RM3.9 million and partially offset by the net increase in bank borrowings and lease liabilities of an aggregate of approximately RM1.6 million.

Our net cash from financing activities for 4M2022 was approximately RM10.2 million, primarily representing net increase of interest-bearing borrowings of approximately RM13.2 million and partially offset by the repayment to the Ultimate Controlling Party of approximately RM2.1 million.

Net current assets

The following table sets out our Group's current assets and liabilities as of the dates indicated.

	As of 31 December			As of 30 April	As of 30 June
	2019	**2020**	**2021**	**2022**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000* (*unaudited*)
Current assets					
Non-current assets held for distribution to owners	–	10,017	–	–	–
Financial assets at FVPL	–	5,954	233	234	234
Inventories	43,942	45,031	56,292	63,634	69,455
Trade and other receivables	70,814	73,024	95,032	119,632	119,261
Pledged bank deposits	15,674	12,844	13,430	13,419	13,572
Bank balances and cash	11,883	13,012	4,480	8,339	9,603
Income tax recoverable	165	–	–	–	–
	142,478	159,882	169,467	205,258	212,125
Current liabilities					
Trade and other payables	35,112	51,037	55,777	66,804	75,672
Bank overdrafts	255	–	110	–	–
Interest-bearing borrowings	25,980	21,088	26,065	39,864	33,186
Lease liabilities	777	1,380	1,412	1,338	1,301
Income tax payable	–	376	1,651	3,656	4,833
Dividend payables	13,350	20,517	–	–	–
	75,474	94,398	85,015	111,662	114,992
Net current assets	67,004	65,484	84,452	93,596	97,133

Our net current assets decreased by approximately RM1.5 million from approximately RM67.0 million as at 31 December 2019 to approximately RM65.5 million as at 31 December 2020, primarily due to (i) the increase in current liabilities of approximately RM18.9 million, which was primarily driven by the increase in trade and other payables of approximately RM15.9 million; and offset by (ii) the increase in current assets of approximately RM17.4 million, which was primarily driven by the increase of non-current assets held for distribution to owners of approximately RM10.0 million, and the increase in financial assets at FVPL of approximately RM6.0 million.

Our net current assets increased by approximately RM19.0 million from approximately RM65.5 million as at 31 December 2020 to approximately RM84.5 million as at 31 December 2021, primarily due to (i) the increase in current assets of approximately RM9.6 million, which was primarily driven by the increase in inventories and trade and other receivables of approximately RM11.3 million and RM22.0 million, respectively which was partially set off by decrease in non-current assets held for distribution to owners, financial assets at FVPL and bank balances and cash of approximately RM10.0 million, RM5.7 million and RM8.5 million, respectively; and (ii) the decrease in current liabilities of approximately RM9.4 million, which was primarily driven by decrease in dividend payable of approximately RM20.5 million which was partially offset by the increase in interest-bearing borrowings and trade and other payables of approximately RM5.0 million and RM4.7 million, respectively.

Our net current assets increased by approximately RM9.1 million from approximately RM84.5 million as at 31 December 2021 to approximately RM93.6 million as at 30 April 2022, primarily due to (i) the increase in current assets of approximately RM35.8 million, which was primarily driven by the increase in trade and other receivables of approximately RM24.6 million, the increase in inventories of approximately RM7.3 million and the increase in bank balance and cash of approximately RM3.9 million; and offset by (ii) the increase in current liabilities of approximately RM26.6 million, which was primarily driven by the increase in trade and other payables and interest-bearing borrowings of approximately RM11.0 million and RM13.8 million, respectively.

Our net current assets increased by approximately RM3.5 million from approximately RM93.6 million as at 30 April 2022 to approximately RM97.1 million as at 30 June 2022, primarily due to (i) the increase in current assets of approximately RM6.8 million, which was primarily driven by the increase in inventories and bank balance and cash of approximately RM5.9 million and RM1.3 million, respectively and offset by (ii) the increase in current liabilities of approximately RM3.3 million primarily driven by the increase in trade and other payables and income tax payable of approximately RM8.9 million and RM1.1 million, respectively which was offset by the decrease in interest-bearing borrowings of approximately RM6.7 million.

PRINCIPAL FINANCIAL POSITION ITEMS

Property, Plant and Equipment

Our property, plant and equipment primarily consist of freehold land and buildings, leasehold improvements, plant and machinery, furniture, fixtures and office equipment and motor vehicles.

As of 31 December 2019, 2020 and 2021 and 30 April 2022, our property, plant and equipment amounted to approximately RM27.6 million, RM30.0 million, RM32.3 million and RM32.8 million, respectively.

Our property, plant and equipment increased by approximately RM2.4 million from RM27.6 million as of 31 December 2019 to RM30.0 million as of 31 December 2020 primarily due to the additions of plant and machinery and motor vehicles of approximately RM3.0 million and RM1.6 million, respectively in FY2020, which were partially offset by depreciation charges for FY2020 of approximately RM2.0 million.

Our property, plant and equipment increased by approximately RM2.3 million from RM30.0 million as of 31 December 2020 to RM32.3 million as of 31 December 2021 primarily due to the additions of freehold land located at Pahang Darul Makmur, Malaysia, plant and machinery and motor vehicles of approximately RM1.5 million, RM1.5 million and RM1.9 million, respectively in FY2021, which were partially offset by depreciation charges for FY2021 of approximately RM2.7 million.

Our property, plant and equipment increased by approximately RM0.5 million from RM32.3 million as of 31 December 2021 to approximately RM32.8 million as of 30 April 2022 primarily due to the additions of leasehold improvements, plant and machinery and motor vehicles of approximately RM0.5 million, RM0.3 million and RM0.7 million, respectively in 4M2022, which were partially offset by depreciation charges for 4M2022 of approximately RM1.0 million.

Right-of-use assets

Our right-of-use assets of approximately RM6.8 million, RM8.4 million and RM9.5 million as of 31 December 2019, 2020 and 2021, respectively represented our right to use of leased land and properties and motor vehicles with lease terms of over one year which is initially measured at cost and subsequently measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability under IFRS 16.

The right-of-use assets increased from approximately RM6.8 million as at 31 December 2019 to approximately RM8.4 million as of 31 December 2020 mainly attributable to addition of leased motor vehicles and leased properties of approximately RM1.0 million and RM1.7 million, respectively which was offset by depreciation of approximately RM1.1 million. The right-of-use assets then increased to approximately RM9.5 million as of 31 December 2021 mainly attributable to reclassification from investment properties of approximately RM1.7 million resulting from the occupation of the investment properties by the Group for its own use and addition of motor vehicles of approximately RM1.0 million which was offset by depreciation of approximately RM1.7 million. The right-of-use assets then decreased to approximately RM8.9 million as of 30 April 2022 mainly attributable to the depreciation of approximately RM0.5 million.

Investment properties

The investment properties consist of several pieces of freehold and leasehold land and buildings in Malaysia with indefinite useful lives and useful lives of 50 years or over the lease term, respectively. The investment properties decreased from approximately RM12.9 million as at 31 December 2019 to approximately RM1.8 million as at 31 December 2020 mainly due to derecognition of approximately RM1.0 million upon disposal of a subsidiary and reclassification as non-current assets held for distribution to owners as dividend in specie of approximately RM9.8 million. The investment properties were then reclassified to right-of-use assets and property, plant and equipment of RM1.7 million and RM0.1 million, respectively as our Group intended to occupy the investment properties for its own use during FY2021.

Financial assets at Fair Value through Profit and Loss ("FVPL")

The financial assets at FVPL of approximately RM6.0 million, RM0.2 million and RM0.2 million as of 31 December 2020 and 2021 and 30 April 2022, respectively represented unlisted investment in money market funds invested during FY2020 and FY2021 which are managed by banks in Malaysia (the "Funds") and mainly invested in deposit and money market instruments and/or liquid assets. The Funds can be redeemed from time to time and bear return at market rates. The fair values of the Funds are reported by the banks with reference to the fair value of the underlying instruments at the end of each reporting period. There was dividend income from the Funds of approximately RM0.2 million, RM31,000 and RM1,000 recorded as other income for FY2020, FY2021 and 4M2022, respectively.

We have treasury policy in place of which the main objective is to identify and effectively manage the financial risk associated with treasury activities including the investment. Our policy recognises the need to maximise returns on investments whilst maintaining a strong focus on capital preservation and liquidity of the Group. We utilise surplus cash without affecting our liquidity to make prudent investment decisions based on a number of factors, such as market risk associated, expected return, credit risk of the investment product, duration of investments, expected future cash flow, investment market conditions and macroeconomic situation. The major guidelines, among others, are not to invest in any medium to high risk and any illiquid investment products. An investment review group will be led by the finance manager to identify and review the investment opportunities before making recommendations to our chief financial officer, Mr. Tham Sai Cheong. Mr. Tham, a qualified accountant in the Malaysia with more than 28 years of experience in the accounting and finance field, is responsible for reviewing investment recommendations and make decision on investment. Our finance department will closely monitor the performance of the investment with reference to our expected returns and current treasury position. We will make redemption or selling decision upon maturity of the investment or situation time of selling having considered the returns and our liquidity need. We believe that our policy and internal control regarding the investment in financial assets are sufficient and effective. Investment in financial asset at FVPL after the Listing will be subjected to the Company's compliance with the requirements under Chapter 14 of the Listing Rules. During the Track Record Period, we did not suffer any loss on our principal investment amounts and our actual rate of return for these financial assets at FVPL ranged from 1.47% to 2.88%, generally within our expected return rates.

Inventories

Our inventories mainly consist of F&B products and other products which are stated at lower of cost and net realisable value. We monitor and review our inventory levels on a daily basis to minimise the risk of unnecessary inventory build-up. We plan our purchase of products to meet the expected customer demands in a timely manner without weakening our liquidity. Our inventories accounted for approximately 30.8%, 28.2%, 33.2% and 31.0% of our total current assets as of 31 December 2019, 2020 and 2021 and 30 April 2022, respectively.

The following table sets forth the component of inventories, net of write-down provision, as of the dates indicated:

	As of 31 December			**As of 30 April**
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Raw materials	1,889	1,401	1,579	1,551
Finished goods	42,053	43,630	54,713	62,083
	43,942	45,031	56,292	63,634

As of 31 December 2019, 2020 and 2021 and 30 April 2022, we had inventories in the amount net of write-down provision, of approximately RM43.9 million, RM45.0 million, RM56.3 million and RM63.6 million, respectively. The inventories as of 31 December 2020 increased slightly by approximately RM1.1 million comparing with that of 31 December 2019. The inventories then increased to RM56.3 million as of 31 December 2021 mainly due to stock up on products in meeting expected rising demand.

We regularly review the condition of our inventories on product-by-product basis and make allowance to write down our inventories to the net realisable value if their expected net realisable value is lower than the cost of the inventories or any of the inventories is identified as obsolete or slow-moving. In addition, we adopt a prudent inventory management policy to ensure a sufficient provision to cover any inventories by reviewing the expiry date and condition of the finished products. We managed to control the inventory levels in optimal levels by managing the re-ordering level and deliver the inventories in time to our customers.

The following table sets forth the aging of inventories and movement from gross to net amounts of inventories as of the dates indicated:

	As of 31 December						As of 30 April	
	2019		2020		2021		2022	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Within 30 days	29,068	63.6	31,063	66.3	35,019	59.5	43,640	65.7
31 to 60 days	7,942	17.4	8,221	17.6	12,963	22.0	10,650	16.0
61 to 90 days	2,688	5.9	2,777	5.9	2,926	5.0	3,766	5.7
91 to 120 days	1,271	2.8	861	1.8	1,445	2.5	2,090	3.1
121 to 180 days	1,864	4.1	922	2.0	1,521	2.6	1,401	2.1
Over 180 days but less than 1 year	1,461	3.2	1,286	2.7	1,095	1.8	1,446	2.2
Over 1 year	1,360	3.0	1,751	3.7	3,909	6.6	3,471	5.2
	45,654	100.0	46,881	100.0	58,878	100.0	66,464	100.0
Less: Write-down provision of inventories								
Opening balance	1,490		1,712		1,850		2,586	
Add:								
Provision for the year/period	222		138		736		244	
Closing balance	1,712		1,850		2,586		2,830	
Inventories – net	43,942		45,031		56,292		63,634	
Average inventory turnover days*(Note)*	36		34		32		32	

Note: The calculation of inventory turnover days is based on the average of the opening balance and closing balance of inventories divided by cost of sales for the relevant year and multiplied by the number of days in the relevant year or period.

Our inventory turnover days decreased slightly from approximately 36 days in FY2019 to 34 days for FY2020 and further decreased to 32 days for FY2021 and 4M2022, primarily due to our improved inventory management and acceleration of sales of products.

As at the Latest Practicable Date, inventories with the carrying amounts of approximately RM57.5 million, representing approximately 90.4% of the inventories balance as at 30 April 2022, has been sold or utilised.

Trade and other receivables

The following table sets forth the components of our trade and other receivables as of the dates indicated:

Trade receivables

	As of 31 December			As of 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade receivables	70,325	70,032	90,775	114,758
Less: loss allowances	(2,206)	(2,211)	(2,673)	(3,540)
	68,119	67,821	88,102	111,218

During the Track Record Period, the normal credit period granted by our Group to its trade debtors was up to 90 days. The trade receivables decreased by approximately RM0.3 million or 0.4% from RM68.1 million as at 31 December 2019 to approximately RM67.8 million as at 31 December 2020 owing to acceleration of collection during FY2020. The trade receivables increased to RM88.1 million as at 31 December 2021 with the increase in sales during the last four months of FY2021. The trade receivables further increased to approximately RM111.2 million along with the sales in 4M2022.

We review the risk associated with the trade receivables and estimates the loss allowance by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on our Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. As at 31 December 2019, 2020 and 2021 and 30 April 2022, trade receivables of approximately RM30.2 million, RM25.4 million, RM34.8 million and RM42.1 million, respectively, were past due but not impaired and were classified into part of the group of risk of late-payment whose estimated credit losses are insignificant. As a result of the review, we recorded loss allowances on our trade receivables of approximately RM2.2 million, RM2.2 million, RM2.7 million and RM3.5 million as of 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, on our combined statements of financial position.

The following table sets forth the aging analysis of the trade receivables, net of loss allowances, based on invoice date as of the dates indicated:

	As of 31 December						As of 30 April	
	2019		2020		2021		2022	
	RM'000	*%*	*RM'000*	*%*	*RM'000*	*%*	*RM'000*	*%*
Within 30 days	36,321	53.3	41,263	60.8	52,101	59.1	66,941	60.2
31 to 60 days	24,436	35.9	21,575	31.8	28,719	32.6	36,430	32.8
61 to 90 days	6,860	10.1	4,983	7.4	6,116	6.9	6,279	5.6
Over 90 days	502	0.7	–	–	1,166	1.4	1,568	1.4
Total	68,119	100.0	67,821	100.0	88,102	100.0	111,218	100.0

The following table sets forth a summary of average turnover days of trade receivables for the year indicated:

	FY2019	FY2020	FY2021	4M2022
Average trade receivables turnover days*(note)*	49	47	43	45

Note: The calculation of trade receivables turnover days is based on the average of the opening balance and closing balance of trade receivables for the relevant year divided by credit sales and multiplied by the number of days in the relevant year/period.

The collection period of trade receivables were approximately 49 days, 47 days, 43 days and 45 days for FY2019, FY2020, FY2021 and 4M2022, which were generally stable.

As at the Latest Practicable Date, the subsequent settlement of our trade receivables, net of loss allowance amounted to approximately RM111.2 million, 100% of our trade receivables as of 30 April 2022.

Other Receivables

The other receivables represented mainly the deposits paid to suppliers, prepayment of listing expenses, other deposit and receivables. The other receivables amounted to approximately RM2.7 million, RM5.2 million, RM6.9 million and RM8.4 million as of 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. The other receivables increased by approximately RM2.5 million from RM2.7 million as at 31 December 2019 to RM5.2 million as at 31 December 2020 mainly due to increase in (i) marketing fee receivables from the suppliers of approximately RM0.7 million; (ii) deposits paid to suppliers of approximately RM1.4 million; and (iii) consideration receivable related to disposal of a subsidiary of approximately RM0.4 million. The other receivables then increased to approximately RM6.9 million as of 31 December 2021 mainly due to (i) increase in deposits paid to suppliers of approximately RM1.2 million and (ii) increase in prepaid listing expenses of RM0.4 million. The other receivables further increased to approximately RM8.4 million as of 30 April 2022 mainly attributable to the increase in other deposits and deposits paid to suppliers of approximately RM1.5 million.

Pledged bank deposits

As of 31 December 2019, 2020 and 2021 and 30 April 2022, pledged bank deposits of approximately RM15.7 million, RM12.8 million, RM13.4 million and RM13.4 million, respectively, are bank deposits which are pledged as securities in favour of banks for bank facilities granted to our Group. The pledged bank deposits are denominated in RM and bear annual interest rates ranging from 1.50% to 3.65% during the Track Record Period.

Bank balances and cash

Our bank balances and cash consist of cash at banks and in hand. As of 31 December 2019, 2020 and 2021 and 30 April 2022, bank balances and cash amounted to approximately RM11.9 million, RM13.0 million, RM4.5 million and RM8.3 million, respectively. Our bank balances and cash were largely denominated in RM.

Trade and other payables

The following table sets forth the components of our trade and other payables as of the dates indicated:

Trade Payables

	As of 31 December			As of 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade payables	26,652	30,758	37,111	48,781

Our trade payables continued to increase by approximately RM4.1 million to approximately RM30.8 million as of 31 December 2020 from approximately RM26.7 million as of 31 December 2019. The increase in balances of trade payable as at the end of each reporting period was due to increase in purchase of products for sales during the last two months before the year end. The balance increased to RM37.1 million as of 31 December 2021 mainly attributable to increase in purchase in last four months of FY2021 to meet the expected increase in sales. The trade payables continued to increase to approximately RM48.8 million as of 30 April 2022 along with increasing purchases in meeting increasing sales during 4M2022.

The following table sets forth a summary of average turnover days of trade payables for the year indicated:

	FY2019	FY2020	FY2021	4M2022
Average trade payables turnover days(Note)	19	22	22	23

Note: The calculation of trade payables turnover days is based on the average of the opening balance and closing balance of trade payables for the relevant years divided by cost of sales and multiplied by the number of days in the relevant years/period.

Our trade payables are non-interest bearing and are normally with normal credit terms up to 60 days. The trade payables turnover days were relatively stable at the range of approximately 19 days to 23 days for FY2019, FY2020, FY2021 and 4M2022.

As at the Latest Practicable Date, approximately RM48.8 million or 100% of our trade payables as at 30 April 2022 were fully settled.

Other payables

Other payables consisted of primarily the accrued expenses and other payables, salary payables, contract liabilities in relation to marketing incentive, rental and other deposited and amount due to the Controlling Shareholders and related parties. As of 31 December 2019, 2020 and 2021 and 30 April 2022, our other payables were approximately RM8.5 million, RM20.3 million, RM18.7 million and RM18.0 million, respectively.

The increase of other payables by approximately RM11.8 million from approximately RM8.5 million as of 31 December 2019 to approximately RM20.3 million as of 31 December 2020 was mainly due to increase in salary payables of approximately RM2.7 million mainly resulting from increase in bonus accrual for performance in relation to the revenue growth in FY2020, increase in contract liabilities in relation to increase in marketing incentives in relation to the revenue growth in FY2020 of approximately RM3.9 million and the increase in amount due to the Controlling Shareholders and related parties of approximately RM1.2 million and RM1.7 million, respectively.

The decrease of other payables by approximately RM1.6 million from approximately RM20.3 million as of 31 December 2020 to approximately RM18.7 million as of 31 December 2021 was mainly attributable to decrease in amount due to related parties and Ultimate Controlling Party of approximately RM1.7 million and RM2.2 million, respectively due to settlements made during FY2021 and the decrease in salary payables of approximately RM0.3 million which was partially set off by the increase in contract liabilities in relation to increase in marketing incentives in FY2021 of approximately RM2.6 million. The balance of other payables was kept stable at approximately RM18.0 million as of 30 April 2022.

CAPITAL EXPENDITURES AND COMMITMENTS

During the Track Record Period, we incurred capital expenditure primarily on purchases of property, plant and equipment and investment properties. Our capital expenditures during FY2019, FY2020, FY2021 and 4M2022 was approximately RM9.2 million, RM4.6 million, RM5.1 million and RM1.5 million, respectively.

We intend to fund our planned capital expenditures through a combination of the net proceeds from the Global Offering, bank borrowings and cash flow from operating activities. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

INDEBTEDNESS

At the close of business on 30 June 2022, being the latest practicable date on which such information was available to us, our Group has outstanding indebtedness comprising amounts due to the Controlling Shareholders and related parties, bank borrowings and lease liabilities. The Group complied with the financial covenants of the bank borrowing facilities during the Track Record Period and up to 30 June 2022. The following table sets forth the components of our indebtedness and contingent liabilities as of the dates indicated:

	At 31 December			As of 30 April	As of 30 June
	2019	**2020**	**2021**	**2022**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)
Amounts due to the Controlling Shareholders	3,446	4,657	2,430	352	**347**
Amounts due to related parties	3	1,687	–	–	**–**
	3,449	6,344	2,430	352	**347**
Bank borrowings	49,314	38,209	41,425	54,526	**47,518**
Lease liabilities	1,955	3,811	3,392	2,912	**2,681**
	54,718	48,364	47,247	57,790	**50,546**
Contingent liabilities	–	–	–	–	**–**

Amounts due to the Controlling Shareholders and related parties

As at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, our amounts due to our Controlling Shareholders amounted to approximately RM3.4 million, RM4.7 million, RM2.4 million, RM0.4 million and RM0.3 million, respectively. All our amounts due to our Controlling Shareholders were non-trade in nature, unsecured, interest free, repayable on demand and will be fully settled prior to the Listing.

As of 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, our amounts due to related parties were approximately RM3,000, RM1.7 million, nil, nil and nil, respectively. The amounts due to related parties were non-trade in nature, unsecured, interest free and repayable on demand.

Bank borrowings

Our bank borrowings comprise secured loans and trade financing facilities. As of 30 June 2022, being the latest practicable date for the indebtedness statement, our Group had total outstanding bank borrowings of approximately RM47.5 million. The following table sets forth the components of our bank borrowings as of the dates indicated:

	As of 31 December			As of 30 April	As of 30 June
	2019	**2020**	**2021**	**2022**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)
Secured bank loans					
Non-current	23,079	17,121	15,250	14,662	14,332
Current	25,980	21,088	26,065	39,864	33,186
	49,059	38,209	41,315	54,526	47,518
Bank overdrafts	255	–	110	–	–
	49,314	38,209	41,425	54,526	47,518

The secured bank borrowings are repayable as follows:

	As of 31 December			As of 30 April	As of 30 June
	2019	2020	2021	2022	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)
Within 1 year	25,980	21,088	26,065	39,864	33,186
Between 1 and 2 years	1,909	1,914	1,943	1,912	1,906
Between 2 and 5 years	8,399	7,498	6,626	6,193	6,043
Over 5 years	12,771	7,709	6,681	6,557	6,383
	49,059	38,209	41,315	54,526	47,518

As at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, our bank borrowings comprised term loans and bank overdrafts amounting to approximately RM49.1 million, RM38.2 million, RM41.4 million, RM54.5 million and RM47.5 million, respectively. Our bank borrowings were primarily denominated in RM. The weighted average effective interest rates on the secured bank borrowings as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022 are approximately 4.60%, 3.85%, 3.51%, 3.61% and 3.55% per annum, respectively. As at 30 June 2022, our bank borrowings amounted to approximately RM47.5 million. The secured bank overdrafts are interest-bearing at base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum during the Track Record Period and up to 30 June 2022.

As of 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, our bank borrowings were secured by:

(i) guarantee provided by the Controlling Shareholders;

(ii) guarantee provided by the government of Malaysia;

(iii) properties owned by the related party, the parents of the Controlling Shareholders;

(iv) certain investment properties with aggregate net carrying amount of approximately RM10.6 million, RM1.8 million, nil, nil and nil as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, respectively;

(v) certain property, plant and equipment with aggregate net carrying amount of approximately RM19.0 million, RM18.8 million, RM18.8 million, RM18.7 million and RM18.7 million as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, respectively;

(vi) certain non-current assets held for distribution to owners with aggregate net carrying amount of nil, approximately RM6.5 million, nil, nil and nil as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, respectively;

(vii) certain right-of-use assets with aggregate net carrying amount of approximately RM4.7 million, RM4.6 million, RM4.4 million, RM4.4 million and RM4.3 million as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, respectively; and

(viii) pledged bank deposits with carrying amount of approximately RM15.7 million, RM12.8 million, RM13.4 million, RM13.4 million and RM13.6 million as at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, respectively.

The guarantees and the pledged properties provided by the Controlling Shareholders and the related party are expected to be released and replaced by a corporate guarantee to be given by our Company upon the Listing and the banks have provided their consent in this regard.

As at 30 June 2022, our unutilised banking facilities amount to approximately RM39.2 million.

Lease liabilities

Lease liabilities represent the aggregate lease payment obligations not yet fulfilled under the lease agreements primarily for leasing the properties and motor vehicles. Under IFRS 16, "Lease", leases are recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset is available for use by our Group. The following table sets forth the details of lease liabilities in terms of current and non-current:

				As of	**As of**
	As of 31 December			**30 April**	**30 June**
	2019	**2020**	**2021**	**2022**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
					(Unaudited)
Current	777	1,380	1,412	1,338	1,301
Non-current	1,178	2,431	1,980	1,574	1,380
	1,955	3,811	3,392	2,912	2,681

As of 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022, we had outstanding lease liabilities of approximately RM2.0 million, RM3.8 million, RM3.4 million, RM2.9 million and RM2.7 million , respectively. During the Track Record Period and up to 30 June 2022, we did not breach any covenants of the lease agreements.

Contingent Liabilities

As at 31 December 2019, 2020 and 2021, 30 April 2022 and 30 June 2022 and the Latest Practicable Date, we had no significant contingent liabilities.

Save as disclosed in "Indebtedness" in this section, we did not have, at the close of business on Latest Practicable Date, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

Statement of Indebtedness

As at 30 June 2022, the latest practicable date of indebtedness, other than as disclosed in this prospectus, we did not have any outstanding debt securities, charges, mortgages, or other similar indebtedness, finance lease commitments, any guarantees or other material contingent liabilities, or other banking facilities. Since 30 June 2022 and up to the Latest Practicable Date, there has been no material adverse change in our indebtedness.

KEY FINANCIAL RATIOS

The table below sets forth certain of our key financial ratios as at each of the dates indicated or for each of the years/period:

	For the year ended/as at 31 December			For the four months ended/as at 30 April
	2019	**2020**	**2021**	**2022**
Gross profit margin[(1)]	13.3%	14.1%	14.1%	14.5%
Net profit margin[(2)]	3.5%	3.3%	3.5%	4.5%
Return on equity[(3)]	19.6%	21.7%	21.4%	N/A[(11)]
Return on total assets[(4)]	9.3%	9.3%	11.1%	N/A[(11)]
Interest coverage[(9)]	16.8	25.4	30.5	43.1
Current ratio[(5)]	1.7	1.6	1.8	1.7
Quick ratio[(6)]	1.1	1.1	1.2	1.1
Gearing ratio[(7)]	57.0%	48.5%	40.7%	47.1%
Net debt to equity ratio[(8)]	44.1%	33.5%	36.7%	40.2%
Non-IFRSs financial measures:				
Adjusted net profit margin (non-IFRS measure)[(10)]	3.6%	3.9%	4.3%	5.1%

Notes:

1 Calculated by dividing gross profit for the year/period by revenue for the year/period.

2 Calculated by dividing net profit for the year/period by revenue for the year/period.

3 Calculated by dividing profit for the year by the total equity as at the respective year-end date.

4 Calculated by dividing profit for the year by the total assets as at the respective year-end date.

5 Calculated as current assets less pledged bank deposits divided by current liabilities.

6 Calculated as current assets less inventories and pledged bank deposits divided by current liabilities.

7 Calculated by dividing total debt (being the interest-bearing borrowings, bank overdrafts, and lease liabilities) by the total equity as at the respective year/period-end date multiplied by 100%.

8 Net debt to equity ratio is calculated based on interest-bearing borrowings, bank overdrafts and lease liabilities net of cash and cash equivalents as at the respective year-end date divided by total equity as at the respective year/period-end date and multiplied by 100%.

9 Interest coverage equals profit before interest and tax divided by net interest expense in the relevant year.

10 Ratio calculation excluded the listing expenses of approximately RM28,000, RM3.2 million, RM5.0 million and RM1.6 million for FY2019, FY2020, FY2021 and 4M2022, respectively. These are non-IFRSs measures.

11 Such ratio is not applicable as it is not comparable to annual numbers.

Gross profit margin, net profit margin and adjusted net profit margin (non-IFRS measures)

The gross profit margin, net profit margin and adjusted net profit margin (non-IFRS measure) for each year/period of the Track Record Period are described in the paragraphs headed "Gross profit and gross profit margin", "Profit for the period and net profit margin", "Profit for the year and net profit margin" and "Non-IFRS measures – Adjusted net profit margin" in this section respectively.

Return on Equity

Our return on equity were approximately 19.6%, 21.7%, 21.4% for each of FY2019, FY2020 and FY2021, respectively.

The increase in return on equity for FY2020 as compared to that of FY2019 was mainly due to the decrease in total equity for FY2020 by approximately 3.8% comparing with FY2019 primarily resulting from a dividend of approximately RM20.5 million in FY2020 coupled with the increase in net profit for the year for FY2020 by approximately 6.5% comparing with FY2019.

The decrease in return on equity for FY2021 as compared to that of FY2020 was mainly due to the increase in total equity for FY2021 by approximately 27.3% comparing with FY2020 which outweighed the increase in net profit for the year for FY2021 by approximately 25.5% comparing with FY2020.

Return on Total Assets

Our return on total assets were approximately 9.3%, 9.3% and 11.1% for FY2019, FY2020 and FY2021, respectively. The return on total assets was unchanged at approximately 9.3% for both FY2019 and FY2020. The increase of return on total assets to approximately 11.1% for FY2021 was mainly due to the increase in net profit for the year of approximately 25.5% for FY2021 outweighing the increase in total assets of approximately 6.0% for FY2021.

Current and Quick Ratio

Our current ratios were approximately 1.7, 1.6, 1.8 and 1.7 as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively while the quick ratios as at the same year/period end were kept at a relatively healthy position at approximately 1.1, 1.1, 1.2 and 1.1, respectively.

Gearing ratio

Our gearing ratios were approximately 57.0%, 48.5%, 40.7% and 47.1% as at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. The gearing ratio decreased from approximately 57.0% as at 31 December 2019 to 48.5% as at 31 December 2020 as the total equity decreased from approximately RM90.0 million as at 31 December 2019 to approximately RM86.6 million as at 31 December 2020 primarily due to the dividends of approximately RM20.5 million, while the total debts decreased from approximately RM51.3 million as at 31 December 2019 to approximately RM42.0 million as at 31 December 2020 primarily due to the decrease in interest-bearing borrowings of approximately RM10.9 million. The gearing ratio decreased to approximately 40.7% as at 31 December 2021 primarily due to the increase in total equity for FY2021 of approximately 27.3% outweighing the increase in total debts of 6.7% for FY2021. The gearing ratio increased to 47.1% as at 30 April 2022 as the total debts as at 30 April 2022 increased by 28.2% comparing to 31 December 2021 while the total equity increased by 10.8% as of 30 April 2022 comparing with 31 December 2021.

Net Debt to Equity Ratio

Our net debt to equity ratios as at 31 December 2019, 2020, 2021 and 30 April 2022 were approximately 44.1%, 33.5%, 36.7% and 40.2%, respectively. Our net debt to equity ratio decreased from approximately 44.1% for FY2019 to approximately 33.5% as at 31 December 2020 primarily attributable to the decrease in net debt of approximately 26.8% for FY2020 resulting from both net repayment of loan of approximately RM10.9 million and increase of cash and cash equivalent of approximately RM1.1 million. The net debt to equity ratio then increased to approximately 36.7% as at 31 December 2021 primarily due to decrease in bank balances and cash of approximately RM8.5 million for FY2021 which contributed the increase of net debt by approximately 39.4% for FY2021. The net debt to equity ratio further increased to approximately 40.2% as at 30 April 2022 primarily attributable due to the increase in the net debt by 21.7% comparing with 31 December 2021.

Interest coverage ratio

Our interest coverage ratios were approximately 16.8 times, 25.4 times, 30.5 times and 43.1 times for FY2019, FY2020, FY2021 and 4M2022, respectively.

The interest coverage ratio was increased to 25.4 times for FY2020 from 16.8 times for FY2019 as the net interest expenses decreased by approximately 23.8% comparing with FY2019 primarily due to the decrease in interest-bearing borrowings of approximately RM10.9 million while profit before interest and tax for FY2020 increased by approximately 15.6% comparing with FY2019. The interest coverage ratio was increased to 30.5 times for FY2021 as the profit before interest and tax for FY2021 increased by approximately 20.0% while the net interest expenses remained unchanged during FY2021. The interest coverage ratio was then to 43.1 times as a result of increasing profit before interest and tax for 4M2022 of approximately 25.4% comparing with 4M2021.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had certain related party transactions in the normal course of business. For details of related party transactions, please refer to "Related Party Transactions" in Note 26 to the Accountants' Report which is set out in Appendix I to this prospectus.

These transactions were conducted in accordance with terms as agreed between us and the respective related parties. Our Directors have confirmed that all related party transactions during the Track Record Period were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were reasonable and in the interest of our Group as a whole. Our Directors further confirmed that these related party transactions would not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed, please refer to "Financial Risk Management Objectives and Policies" in Note 29 to Accountants' Report which is set out in Appendix I to this prospectus.

Capital Management

Our objectives when managing capital are to safeguard our ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on basis of the gearing ratio. As of 31 December 2019, 2020 and 2021 and 30 April 2022, our gearing ratios were approximately 57.0%, 48.5%, 40.7% and 47.1%, respectively. The Group may adjust the amount of dividends paid to shareholder, issue new shares or sell assets to reduce debt to keep the capital structure optimal.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any financial guarantees or other commitments to guarantee the payment obligations of any third parties during the Track Record Period and as at the Latest Practicable Date. As at the Latest Practicable Date, we have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity, or that are not reflected in our combined financial information. As at the Latest Practicable Date, we do not have any retained or contingent interest in assets transferred to an uncombined entity that serves as credit, liquidity or market risk support to such entity. As at the Latest Practicable Date, we did not have any variable interest in an uncombined entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

LISTING EXPENSES

Based on the Offer Price of HK$0.54 (being the mid-point of the indicative Offer Price range of HK$0.52 to HK$0.56 per Share) and assuming that Over-allotment Option is not exercised, the estimated listing expenses in connection with the Global Offering are approximately HK$44.1 million (equivalent to approximately RM22.9 million) (approximately 33.9% of the gross proceeds from Global Offering), of which approximately HK$0.05 million (equivalent to approximately RM0.03 million), HK$6.1 million (equivalent to approximately RM3.2 million), HK$9.6 million (equivalent to approximately RM5.0 million) and HK$3.1 million (equivalent to approximately RM1.6 million) have been charged to our combined statement of profit or loss for FY2019, FY2020, FY2021 and 4M2022, respectively, and approximately HK$4.8 million (equivalent to approximately RM2.4 million) is expected to be charged to our combined statement of profit or loss for the eight months ending 31 December 2022 and approximately HK$20.5 million (equivalent to approximately RM10.7 million) is expected to be directly attributable to issue of Shares and accounted as a deduction from equity upon the successful listing under the relevant accounting standards. The estimated listing expenses comprise underwriting related expenses of approximately HK$13.1 million (equivalent to approximately RM6.8 million) and non-underwriting expenses of approximately HK$31.0 million (equivalent to approximately RM16.1 million) which are consisted of professional party expenses of approximately HK$23.6 million (equivalent to approximately RM12.3 million) and non-professional party expenses of approximately HK$7.4 million (equivalent to approximately RM3.8 million). Prospective investors should note the financial performance of our Group for the financial year ending 31 December 2022 will be materially and adversely affected by the aforementioned listing expenses.

DISTRIBUTABLE RESERVES

Our Company was incorporated in the Cayman Islands on 14 February 2019 as an investment holding company and had no distributable reserve available for distribution to our Shareholders as at the Latest Practicable Date.

SUFFICIENCY OF WORKING CAPITAL

Our Directors are of the opinion that after taking into account, the existing financial resources available to our Group including internally generated funds from operating activities, existing banking facilities available and the estimated net proceeds from the Global Offering, our Group has sufficient working capital for its present requirements for the next 12 months from the date of this prospectus.

DIVIDEND POLICY

We do not have any predetermined dividend payout ratio. The declaration of dividend is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend payment of dividend in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our Articles of Association and the Companies Act, including the approval of our Shareholders. Any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors.

Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years. For FY2019, FY2020, FY2021 and 4M2022, we declared dividends of approximately RM13.5 million, RM20.5 million, nil and nil, respectively, to the shareholders of our Group. Among the dividend declared in FY2020 of approximately RM20.5 million, RM10.5 million was settled in cash and the remaining amount of approximately RM10.0 million had been settled in the form of dividend in specie of properties, which had an aggregate net book value of approximately RM10.0 million as of the date of distribution in FY2021. However, any future declarations of dividend may or may not reflect our historical declarations of dividend and will be at the absolute discretion of our Directors.

None of the properties was utilised as part of our main business operations during the Track Record Period.

DIRECTORS' CONFIRMATION ON NO MATERIAL ADVERSE CHANGE

Our Directors confirm that they have performed sufficient due diligence on our Company to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or indebtedness since 30 April 2022 (being the date of our Group's latest combined audited financial information), and there have been no events since 30 April 2022 which would materially affect the information shown in our combined financial statements set out in the Accountants' Report set out in Appendix I to this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our Directors confirm that our business operations and business model have remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business model and the general economic and regulatory environment in which we operate, save for "Impact of COVID-19 on our business and operation" disclosed below.

Impact of COVID-19 on our business and operation

To combat further spread of COVID-19 pandemic, MCO was reinstated in different states of Malaysia for varying periods from January 2021 to May 2021. States with lower counts of COVID-19 cases were placed under the more relaxed CMCO or RMCO. However, due to the continual threat of COVID-19 and resurgence in the number of confirmed cases, on 10 May 2021, the Malaysia government announced the reinstatement of a nationwide MCO with effect from 12 May 2021 to 7 June 2021 which was subsequently extended until 28 June 2021. On 15 June 2021, the Malaysia government unveiled the National Recovery Plan ("**NRP**") which comprises four phases. All states in Malaysia were placed under phase one of the NRP which mirrors the MCO previously imposed and states shall only transition to a next phase when the number of COVID-19 cases reduces to below the threshold value of 4,000, the cases in the intensive care unit have dropped from the critical level and 10% of the population in Malaysia has been fully vaccinated. Most states in Malaysia have achieved the thresholds imposed by the Government of Malaysia and have then transitioned into phase three and phase four of NRP where social distance measures were relaxed in light of the improvement in overall COVID-19 infection numbers.

Starting from 1 April 2022, Malaysia has transitioned from the "Recovery Phase" into the "Endemic Phase" with some of the measures taken be loosened and the borders of Malaysia has reopened. The Malaysian government further announced more relaxations on the standard operating procedures to prevent the spread of COVID-19 pandemic and the same have been implemented since 1 May 2022 where amongst others, all economic activities are also allowed to open and individuals may enter into premises regardless of their vaccination status, unless they are COVID-19 positive, or under a home surveillance order which they will be prohibited from entering the premises. Our Directors believe that, given no material disruption in the supply chain and continuous increasing demand of our products during FY2021 and contingent plans we devised to combat any measures under enhanced MCO, the COVID-19 pandemic does not have significant adverse impacts to our Group's financial performance.

For further details, please refer to the paragraph headed "Business – Impact of COVID-19 on our business and operation" in this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer to Appendix II of this prospectus for the unaudited pro forma adjusted combined net tangible assets.

APPLICATION FOR RECOGNITION OF MAZARS LLP AS RECOGNISED PIE AUDITORS BY THE FRC

Background

We have appointed Mazars CPA Limited (the "**Mazars HK**") Certified Public Accountants, Hong Kong and Mazars LLP, an overseas audit firm of public accountants and chartered accountants in Singapore (the "**Mazars SG**") to act as our Company's joint reporting accountants in our application for Listing and we intend to continue their appointment as our joint auditors until the conclusion of the first annual general meeting of our Company after the Listing.

The amendments to the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) have become effective

As from 1 October 2019 (the "**Effective Date**"), the amendments to the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) ("**FRCO**") takes effect and the FRC has become Hong Kong's independent regulator of listed entity auditors. After the Effective Date, all audit firms intending to carry out any engagement (the "**PIE Engagement**") with a public interest entity ("**PIE**") are subject to a system of registration (for Hong Kong auditor firms) and recognition (for non-Hong Kong audit firms) as recognised PIE auditors (the "**Recognised PIE Auditors**"). A PIE is either (a) a listed corporation whose listed securities comprise at least shares or stocks; or (b) a listed collective investment scheme. Hence, after the Listing, our Company will become a PIE.

Any non-Hong Kong audit firm is required to be recognised by the FRC as Recognised PIE Auditors before the audit firm can (i) "undertake" (i.e. accept an appointment to carry out) any PIE Engagement; and (ii) carry out any PIE Engagement for an overseas entity.

Under the FRCO, the overseas equity issuer, like our Company, must seek a statement of no objection (the "**SNO**") from the Stock Exchange to engage its non-Hong Kong auditors to undertake its PIE Engagement. After the issue of the SNO, the FRC will consider the application for recognition of the non-Hong Kong auditor as a Recognised PIE Auditor (as defined in section 3A of the FRCO).

Our application for the recognition of Mazars SG as Recognised PIE Auditors by the FRC under the FRCO

Considering that we will become a PIE after the Listing and we intend to continue to engage Mazars SG as one of our joint auditors, we must apply to the FRC for its recognition of Mazars SG as Recognised PIE Auditors.

The recognition of an overseas auditor is specific to the overseas entity which makes the application for recognition. Once the overseas auditor has been recognised and during the period in which the recognition takes effect, the overseas entity does not have to re-apply for recognition if it appoints that recognised overseas auditor to carry out other PIE engagements.

On 10 February 2021, we applied to the Stock Exchange for a SNO to support our Company's application to the FRC for its recognition of Mazars SG as a Recognised PIE Auditor. On 13 May 2021, we received the SNO from the Stock Exchange. On 24 May 2021, we applied to the FRC for its recognition of Mazars SG as Recognised PIE Auditors.

On 16 June 2021, the FRC approved the recognition application and granted an approval-in-principle recognising Mazars SG as Recognised PIE Auditors of our Company (the "**Recognition**"). On 29 June 2021, Mazars SG accepted our appointment to act as Recognised PIE Auditors of our Company. On 6 July 2021, we notified FRC that Mazars SG had undertaken the engagement for us in relation to the said appointment. On 15 November 2021, our application for renewal of the Recognition was approved by the FRC, which shall take effect from 1 January 2022. Details of Mazars SG's background are as follows:

(i) Mazars SG is the member firm of Mazars Group, a major and reputable accounting organisation with an international network and Mazars SG is an audit firm (chartered accountants) registered with the Institute of Singapore Chartered Accountants ("**ISCA**"). In Singapore, Mazars SG serves as auditors for many corporations listed on the Singapore Stock Exchange. ISCA is also a member of the ASEAN Federation of Accountants and the International Federation of Accountants ("**IFAC**");

Meanwhile, the regulatory body that is signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding (IOSCO MMOU) in Singapore is Monetary Authority of Singapore.

(ii) The audit partners of Mazars SG are approved company auditors pursuant to the Accountants Act in Singapore. Mazars SG and all its audit partners are also registered with the Accounting and Corporate Regulatory Authority ("**ACRA**") as approved statutory audit firm/auditors in Singapore, supervised and regulated by the ACRA.

ACRA is the national regulator of business entities, public accountants and corporate service providers in Singapore. ACRA was established to provide a responsive and trusted regulatory environment for businesses, public accountants and corporate service providers. ACRA's role is to achieve synergies between the monitoring of corporate compliance with disclosure requirements and regulation of public accountants performing statutory audit.

ACRA was formed as a statutory board on 1 April 2004, following the merger of the then Registry of Companies and Businesses, and the Public Accountants' Board. Auditors of public interest entities in Singapore must be registered with the ACRA. One of the key responsibilities of ACRA is to conduct inspections and monitoring programs on registered auditors to assess the degree of compliance with auditing and ethical standards. ACRA carries out inspection at the firm level or engagement level or both. A firm review focuses on the review of an audit firm's quality control systems and practices and the degree of compliance with the requirements of the International Standards of Quality Control 1. An engagement review aims to assess the degree of compliance with auditing and ethical standards of an audit engagement conducted by an auditor. Accordingly, Mazars SG is subject to periodical inspection and monitoring conducted by the ACRA, known as the Practice Monitoring Programme ("**PMP**").

The PMP is rigorous and involves the following steps:

- Practice reviewers appointed by the Public Accountants Oversight Committee ("**PAOC**") inspect a selection of a public accountant's audits to check if the audits were performed in accordance with the Singapore Standards on Auditing ("**SSA**") and other requirements.

- The practice reviewer's findings are reviewed by the Practice Monitoring Sub-Committee ("**PMSC**"), which comprises experienced public accountants and lay-members. The PMSC then reports to the PAOC with recommended actions, if its view is that the public accountant has not complied with the SSA.

- The PAOC decides on the review outcome and, if it concludes that the public accountant has not complied with the SSA and other requirements, orders the public accountant to undertake remedial actions, or makes other orders to protect the public interest.

- When ACRA inspects public accountants in accounting entities that audit listed companies and other public interest entities, it reviews the firm's quality control policies against the Singapore Standard on Quality Control 1 and recommends improvements where appropriate.

Further, ACRA is a statutory regulator in Singapore with the power to inspect statutory auditors in Singapore and to impose sanctions on those which have breached the legal or regulatory requirements or professional conduct. ACRA is also a member of The International Forum of Independent Audit Regulators which comprising 50 independent audit regulators from jurisdictions in Africa, the Americas, Asia, Europe, the Middle East and Oceania.

(iii) Mazars SG confirms that it has conducted the audit in accordance with Hong Kong Standards on Auditing (equivalents to International Standards on Auditing). Furthermore, Mazars SG has confirmed that it has complied with the ACRA Code of Ethics and the independence and the ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and is based on the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants, published by the IFAC. Mazars SG confirms that it is independent of our Company in accordance with the rules of IFAC.

(iv) In addition, Mazars HK and Mazars SG have had past experience in acting as the joint reporting accountants for the initial public offering of the shares and joint auditors of Nexion Technologies Limited (Stock code: 8420), Mindtell Technology Limited (Stock code: 8611), Infinity Logistics and Transport Ventures Limited (Stock code: 1442) and MBV International Limited (Stock code: 1957) on GEM/the Main Board of the Stock Exchange. In addition, the key team members (including the partner-in-charge) of Mazars SG assigned to our Company's IPO project have had more than 5 years of auditing experience in Malaysia, including the relevant local accounting and tax knowledge in Malaysia. Therefore, our Directors are of the view that the appointment of Mazars SG as one of the joint reporting accountants and joint auditors can enhance the efficiency, effectiveness and quality of work throughout the audit.

After the Listing, in addition to Mazars SG, Mazars HK, which is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules, will also be the proposed auditors of our Group, together acting as joint auditors until the conclusion of the first annual general meeting of our Company.

BUSINESS OBJECTIVES AND STRATEGIES

Our business objectives are, among others, to enhance our distribution capabilities, develop our Own Products business, and enhance our operational efficiency, all of which serve to enhance our overall competitiveness. Please refer to the paragraphs headed "Business – Business strategies" in this prospectus for further details.

REASONS FOR LISTING IN HONG KONG

Our Directors believe that there is a genuine funding need to support our expansion plan through the Listing and the Listing will further benefit our Group for the following reasons:

Leveraging the market growth and deepening our market penetration

- Our Directors believe that there is attractive market potential for us to expand our market share in the F&B distribution industry in Malaysia. In particular, according to the F&S Report, it is expected that the market size by revenue of Malaysia F&B distribution market will reach approximately RM33.3 billion in 2026, representing a CAGR of approximately 6.5% from 2022. Also, our Directors believe that there is generally a strong demand for F&B products in Malaysia, which are mainly daily items less susceptible to social, economic and public health factors. For instance, for FY2020, despite the outbreak of the COVID-19 pandemic, our Group's revenue and net profit increased by approximately RM67.2 million and RM1.1 million respectively as compared to FY2019, representing an increase of approximately 13.5% and 6.5%, respectively.

- In view of the said expected market growth and in line with our strategy to expand our F&B distribution and sales business, our Directors believe that the proceeds from the Global Offering will enable us to leverage the market growth and deepen our market penetration by implementing our business strategies. For more details and backgrounds of our plans to implement our business strategies, such as to enhance our distribution and sales capabilities by investing in cold chain and other distribution infrastructure and to develop our Own Products, please refer to the paragraphs headed "Business – Business strategies" in this prospectus.

Insufficient financial resources for intended business expansion

- Our Directors consider that it is necessary to maintain a sufficient level of working capital as our Group had generally relied on cash inflows from customers to meet payment obligations to our suppliers as well as to meet the expenses required in the daily operations of our Group during the Track Record Period. Our Group in the past generally relied upon our internal resources and/or bank borrowings for the purposes of business expansion. However, our Directors consider that such resources are only sufficient for our Group for expansion on a limited scale. Moreover, were our Group to only utilise our internal resources, our Directors believe that our Group would not be able to capitalise upon the growth opportunities in the Malaysia F&B distribution market and there is no guarantee that our Group's internal resources can continue to provide sufficient capital, or that our Group will be able to obtain sufficient bank borrowings on favourable terms, prior to the full implementation of our Group's proposed and future business strategies.

- Assuming our Group utilises debt financing instead of the net proceeds from the Listing of approximately HK$86.0 million (equivalent to approximately RM44.7 million), our Group's gearing ratio as at 31 December 2021 will increase from approximately 40.7% to 81.2%. Our Directors consider that our financial performance and liquidity may be adversely affected due to principal and interest payments if we proceed with additional debt financing for our business operation and expansion plans. Our Directors believe equity financing entails less risks on the part of our Group as Shareholders will look to the long-term benefits that may be provided by our Group instead of the periodic repayment of interest and debt that is associated with debt financing. Without the Listing, our Group remains as a privately held company and there is no guarantee that banks or other financial institutions would lend to our Group for the purposes of implementing our business strategies without the imposition of stringent financing requirements. Further, debt financing generally entails interest obligations which are subject to rates which may fluctuate from time to time. These rates themselves may be affected by macro and micro economic factors which are beyond the control of our Group and as such there is no guarantee that the rates would not increase to such an extent that it would affect our Group's financial performance and ability to fund our business strategies. Our Group may also be required to pledge cash deposits, investment properties and certain property, plant and equipment to banks, together with the provision of personal guarantees by our Controlling Shareholders as security for the banking facilities obtained by our Group. Our Directors consider that our Company, without a listing status, may have difficulty obtaining further bank borrowings for our business expansion. In contrast, our Directors are of the view that fund-raising through initial public offering will reduce our financing costs and increase our financial leverage.

- In terms of funding costs, the one-off listing expenses to be incurred are expected to be higher than interest expenses at the current interest rate level for the same amount of funds raised. However, in the long term, interest costs for funds raised through debt financing may increase, whereas having a listing platform would allow us the option to raise further equity funding in the future if interest rates rise and monetary liquidity tightens.

Other benefits arising from having a listing status in Hong Kong

- In addition, our Directors believe that being a company listed in Hong Kong will give us a long-term advantage as it would expand our shareholder and capital base by making our Shares available and accessible to international and mainland

Chinese investors on the Stock Exchange. Our Directors also believe that there is a strong investor support for listed companies on the Stock Exchange in both primary and secondary funds raising. As such, the Listing in Hong Kong can allow us to have a good channel for potential fund raising for future expansion and corporate finance exercises. It can therefore enable us to enhance our ability to raise funds independently to support our business strategies and principal objectives, achieve sustainable growth, further strengthen our position in the F&B distribution industry in Malaysia and create long-term value for our Shareholders without being dependent on our Controlling Shareholders.

- By way of Listing, we can elevate our corporate image, recognition and status and strengthen confidence from, among others, our customers and suppliers. As we generally obtain our business through the word of mouth, reputation and company profile are of material significance. We believe that the Listing can generate a better corporate profile for us which can create greater assurance to our existing and prospective customers and suppliers and can potentially lead to more business opportunities, such as obtaining distribution rights of more products in Malaysia from more well-established or upcoming international and domestic brands. As a company listed in Hong Kong, we will also have more bargaining power towards our customers and suppliers, which may help our Group obtain better terms in conducting business with them.

- Our Directors believe that being listed in the Hong Kong stock market will facilitate our efforts in attracting talents to join our Group and gaining access to a larger pool of talents, which will improve our service quality. In addition, the listing status will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with employment with a company listed in Hong Kong.

- We believe that our operational efficiency and corporate governance will be improved through compliance with rigorous disclosure standards which would further enhance our internal control and risk management. We believe that the appointment of five independent non-executive Directors will ensure transparency in management and fairness in business decisions and operations. We believe that the independent non-executive Directors will contribute to the enhancement of corporate value by providing advice and oversight based on their extensive administrative experience and specialised knowledge. The audit committee of our Group which comprises three independent non-executive Directors will review and monitor the effectiveness of our financial controls, internal controls and risk management measures. We believe that the appointment of a compliance adviser to advise us on compliance matters in relation to the Listing Rules will also help enhance our corporate governance.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$0.54 per Share, being the mid-point of the indicative range of the Offer Price of HK$0.52 to HK$0.56 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK$86.0 million (equivalent to approximately RM44.7 million). Our Directors currently intend to apply the net proceeds from the Global Offering as follows:

1. approximately 47.8%, or HK$41.1 million (equivalent to approximately RM21.4 million), will be used to further enhance our distribution and sales capabilities by investing in cold chain and other infrastructure, including:

   a. *Setting up a new warehouse in Klang, Selangor in Malaysia:* approximately HK$22.8 million (equivalent to approximately RM11.9 million) which include: (i) approximately HK$6.8 million (equivalent to approximately RM3.5 million), for the setting up of the warehouse; (ii) approximately HK$6.4 million (equivalent to approximately RM3.3 million), for installing cold storage facilities; (iii) approximately HK$6.0 million (equivalent to approximately RM3.1 million), for purchasing equipment such as storage racks, forklifts and reach trucks; (iv) approximately HK$3.6 million (equivalent to approximately RM1.9 million), for purchasing more inventory from our suppliers given the anticipated orders from customers;

   b. approximately 6.7%, or HK$5.8 million (equivalent to approximately RM3.0 million), will be used for upgrading our self-owned warehouses with advanced features;

   c. approximately 7.0%, or HK$6.0 million (equivalent to approximately RM3.1 million), will be used for acquiring and upgrading cold and other logistics vehicles;

   d. approximately 7.6%, or HK$6.5 million (equivalent to approximately RM3.4 million), will be used for enhancing cold chain and other management and information systems;

2. approximately 9.3%, or HK$8.0 million (equivalent to approximately RM4.2 million), will be used for acquiring new processing machines for processing our Own Products; and approximately 8.7%, or HK$7.5 million (equivalent to approximately RM3.9 million), will be used for conducting marketing and promotional activities for our Own-Brand Products;

3. approximately 7.0%, or HK$6.0 million (equivalent to approximately RM3.1 million), will be used for developing our e-commerce business by launching a mobile application;

4. approximately 17.2%, or HK$14.8 million (equivalent to approximately RM7.7 million), will be used for strategic acquisitions and investments along our supply value chain; and

5. approximately 10.0%, or HK$8.6 million (equivalent to approximately RM4.5 million), will be used for our general working capital purposes.

The net proceeds from the issue of the Global Offering will be utilised by 2024 and approximately 10.0% will be used as working capital and funding for other general corporate purposes according to our current business plans. If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$0.56 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK$4.3 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK$0.52 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK$4.3 million and we will not apply any net proceeds for strategic acquisitions and investments along our supply value chain above.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, will be approximately (i) HK$18.2 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK$0.56 per Share; (ii) HK$17.6 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK$0.54 per Share; and (iii) HK$16.9 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK$0.52 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro-rata basis.

The possible use of our proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year/period as required by the Stock Exchange.

According to the current estimates, our Directors consider that the net proceeds from the issue of the Offer Shares under the Global Offering and our Group's internal resources will be sufficient to finance our Group's business plans up to 2024.

To the extent that the net proceeds are not immediately applied to the above purposes, we will deposit the net proceeds into short-term interest bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO) and/or other licensed financial institutions under the Financial Services Act 2013 or Islamic Financial Services Act 2013 under the laws of Malaysia.

HONG KONG UNDERWRITERS

Sunny Fortune Capital Limited
Elstone Securities Limited
BOCOM International Securities Limited
China Galaxy International Securities (Hong Kong) Co., Limited
CMBC Securities Company Limited
Haitong International Securities Company Limited
Phillip Securities (Hong Kong) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to initially offer 24,100,000 Hong Kong Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

Subject to (a) the granting of the listing of and permission to deal in, the Shares in issue and any Shares to be issued as mentioned in this prospectus by the Stock Exchange and such listing and permission is not subsequently being revoked; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally, but not jointly, agreed to subscribe for, or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the **GREEN** Application Form and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed, becoming, and continuing to be, unconditional and not having been terminated.

Grounds for termination

The respective obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. The Joint Global Coordinators, at their sole and absolute discretion, may, for themselves and on behalf of the other Hong Kong Underwriters, upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in this prospectus, the **GREEN** Application Form, the post hearing information pack, the formal notice, any submission, documents or information provided to the Sole Sponsor and/or the Joint Global

Coordinators and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**") was, when it was issued, or has become or been discovered to be untrue, incorrect, misleading or deceptive in any material respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, in the sole and absolute opinion of the Joint Global Coordinators, constitute a material omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of Underwriters) which, in the sole and absolute opinion of the Joint Global Coordinators, is material; or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, Controlling Shareholders and executive Directors (the "**Warrantors**") arising out of or in connection with the breach of representations, warranties, agreements and undertaking (the "**Warranties**") under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any of the Warranties given by the Warrantors under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement is untrue, inaccurate, misleading or breached in any material aspect when given or repeated as determined by the Joint Global Coordinators in their sole and absolute discretion; or

(vi) the approval by the Stock Exchange of the listing of, and permission to deal in, the Shares in issue and any Shares to be issued as mentioned in this prospectus is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(vii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(viii) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Relevant Documents or to the issue of any of the Relevant Documents; or

(ix) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced any intention to investigate or take other action, against any of our Directors and senior management members of our Company as set out in the section headed "Directors and Senior Management" in this prospectus; or

(x) a portion of the orders in the book-building process, which is considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their absolute opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Joint Global Coordinators, in their sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xi) any change or development involving a prospective material adverse change (whether permanent or not) in the assets, liabilities, shareholders' equity, management, performance, business affairs, prospects or financial or trading position of any member of our Group; or

(xii) any loss or damage has been sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) in their sole and absolute opinion to be material; or

(b) there shall develop, occur, exist, or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, novel coronavirus (COVID-19), Severe Acute Respiratory Syndrome (SARS), avian influenza A (H5N1), influenza B, Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range); or

(iv) any new Laws, or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, Malaysia, the Cayman Islands, the BVI or any other jurisdictions relevant to the business and/or the operation of any member of the Group or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium, suspension or restriction on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading, trading in securities on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Nasdaq National Market, Bursa Malaysia Berhad, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange, or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Malaysian Ringgit against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective material change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party of material nature being threatened or instigated against any member of the Group or any of the Warrantors; or

(x) any of our Directors and senior management members of our Company as set out in the section headed "Directors and Senior Management" in this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any investigation or action against any of our Directors and senior management members of our Company in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such investigation or action; or

(xiii) a contravention by any member of our Group or any of our Directors of the Listing Rules, the Companies Ordinance or any other laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Shares that may be issued pursuant to the exercise of the Over-allotment Option pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other laws applicable to the Global Offering; or

(xvi) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or

(xvii) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xviii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group, which, in each case individually or in aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other conditions or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have a material adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged in accordance with the Hong Kong Underwriting Agreement, this prospectus and the **GREEN** Application Form or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company undertakes to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the exercise of the Over-allotment Option and the grant and exercise of any options under the Share Option Scheme) or under any of the circumstances permitted pursuant to Rule 10.08(1) to (5) of the Listing Rules.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders undertakes to our Company and the Stock Exchange that, except pursuant to the Global Offering (including the exercise of the Over-allotment Option and the grant and exercise of the options under the Share Option Scheme) and for the circumstances permitted pursuant to Rule 10.07 of the Listing Rules, he/she/it shall not, and shall procure that the relevant registered holder(s) of the Shares shall not:

(a) in the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of our Company (as defined in the Listing Rules).

Each of the Controlling Shareholders has further undertaken to the Stock Exchange and our Company respectively that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall, and shall procure that the relevant registered holder(s) shall:

(a) when he/she/it pledges/charges any securities of our Company beneficially owned by him/her/it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company in writing of such pledge/charge together with the number of securities of our Company so pledged/charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee/charge that any of the pledged/charged securities will be disposed of, immediately inform our Company in writing of such indications.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, in the event that our Company has been informed of any matters referred to in Note (3) to Rule 10.07(2) of the Listing Rules as described above, we shall forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 2.07C of the Listing Rules.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, our Company has undertaken to and covenanted with each of the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the Listing Rules and the applicable laws, except pursuant to the Global Offering, the Capitalisation Issue, the Stock Borrowing Agreement, the grant of any option under the Share Option Scheme, or the allotment and issue of Shares upon the exercise of the Over-allotment Option or any option granted under the Share Option Scheme, our Company shall not:

(a) at any time during the First Six-month Period:

(i) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or buyback, any of the share capital of our Company or any other securities of our Company convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, any such share capital or derivatives with the Shares as underlying securities; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such share capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (a)(i) or (a)(ii) above; whether any of the transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise, or publicly disclose that our Group will or may enter into any transaction described above; and

(b) at any time during the Second Six-month Period do any of the acts set out in paragraph (a) above, so as to result in the Controlling Shareholders (together with any of its associates) either individually or taken together with the others of them cease to be a controlling shareholder (within the meaning of the Listing Rules) of our Company,

and in the event that our Company does any of the acts set out in paragraph (a) or (b) above after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all reasonable steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Undertaking by our Controlling Shareholders

Pursuant to the Hong Kong Underwriting Agreement, each of the Controlling Shareholders has undertaken to and covenanted with each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that:

(a) during the First Six-month Period he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except pursuant to the Stock Borrowing Agreement:

(i) sell, transfer or dispose of, offer or contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or grant or agree to grant any options, warrants, rights, interests or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, or otherwise create or agree to create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, security interest, claim, equity interest, right of pre-emption, third party right or interest, or interests or rights of the same nature as the foregoing or other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, retention arrangement) having similar effect (the "**Encumbrances**") over, or enter into any transaction or swap or other arrangement that transfers to another, or which is designed to, or might reasonably be expected to, result in the disposition of (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), in whole or in part, either directly or indirectly, any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any other securities convertible into or exchangeable for or which carry a right to subscribe for, purchase, acquire or receive any such Shares or such securities (together, the "**Relevant Securities**") owned by him/her/it or any of his/her/its associates or in which he/she/it or any of his/her/its associates is, directly or indirectly, interested in immediately after the completion of the Capitalisation Issue, the Global Offering and the allotment and issue of any other Shares or securities of or interest in our Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities; or

(ii) sell, transfer or dispose of, offer to sell, contract to sell, transfer or dispose of, nor enter into any agreements to sell, transfer or dispose of or grant or agree to grant any options, warrants, rights or interests to purchase or subscribe for, lend or otherwise transfer of dispose of, or create or agree to create any Encumbrances, or enter into any transaction or swap or other arrangement that transfers to another, or which is designed to, or might reasonably be expected to, result in the disposition of whether by actual disposition or effective economic disposition due to cash settlement or otherwise), in whole or in part, either directly or indirectly any shares or interest in any company controlled by him/her/it or any of his/her/its associates which is the beneficial owner (directly or indirectly) of any Relevant Securities (or any other shares or securities of or interest in such company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); or

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (a)(i) or (a)(ii) above; or

(iv) announce any intention to enter into or effect any of the transactions referred to in paragraph (a)(i), (a)(ii) or (a)(iii) above; and

(b) during the Second Six-month Period he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates or companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the other Hong Kong Underwriters) and unless in compliance with the Listing Rules,

(i) sell, transfer, dispose of, offer to sell, transfer or disposal of nor enter into any agreement to sell, transfer or dispose of or grant any options, warrants, rights or interests or create any Encumbrances (including the creation or entry into of any agreement to create any pledge or charge or Encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) in respect of any Relevant Securities held by him/her/it or any of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with other Controlling Shareholders ceased to be a group of controlling shareholders (as defined in the Listing Rules) of our Company;

(ii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraph (b)(i) above announce any intention to enter into or effect any of the transactions referred to in paragraph (b)(i) above; and

(iii) he/she/it shall, and shall procure that his/her/its associates and companies controlled by and nominees or trustees holding in trust for him/her/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/her/it or by the registered holder controlled by him/her/it of any Shares.

In the event of a disposal by it of any of the Shares or securities or any interest therein during the Second Six-month Period, he/she/it will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for the Shares or other securities of our Company.

The International Placing

International Underwriting Agreement

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement, with, *inter alia*, the International Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement and on the additional terms described below.

Pursuant to the International Underwriting Agreement, we are offering the International Placing Shares for subscription by way of International Placing, on and subject to the terms and conditions in the International Underwriting Agreement and this prospectus, at the Offer Price. Under the International Underwriting Agreement, subject to (a) the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and any Shares to be issued as mentioned in this prospectus on the Stock Exchange; (b) the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated; (c) the Price Determination Agreement having been duly signed by our Company and the Joint Global Coordinators (acting for themselves and on behalf of the International Underwriters) on the date thereof and such agreement not subsequently having been terminated in accordance with its terms or otherwise; and (d) certain other conditions as set out in the International Underwriting Agreement, the International Underwriters have severally agreed to subscribe for, or procure subscribers for, their respective applicable proportions of the International Placing Shares on the terms and conditions of the International Placing. The International Underwriting Agreement is expected to provide that it may be terminated on grounds similar to those provided in the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

It is expected that our Company will grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters at any time prior to the Listing Date, to require our Company to issue up to an aggregate of 36,150,000 additional new Shares, representing in aggregate 15% of the Offer Shares initially available under the Global Offering at the Offer Price, under the International Placing to cover over-allocations (if any) in the International Placing.

It is expected that, pursuant to the International Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement, as described in the paragraph headed "Underwriting arrangements and expenses – The Hong Kong Public Offering – Undertakings pursuant to the Hong Kong Underwriting Agreement" in this section.

Total commission, fee and expenses

The Underwriters will receive a commission of 10% of the aggregate Offer Price payable for the Offer Shares underwritten by them (regardless of whether any Offer Shares are re-allocated from the International Placing to the Hong Kong Public Offering or re-allocated from the Hong Kong Public Offering to the International Placing), out of which they will pay any sub-underwriting commission. The Underwriters and sub-underwriters will not receive any discretionary fee or bonus in connection with the underwriting of the Offer Shares.

The underwriting commission was determined after arm's length negotiations between our Company and the Underwriters with reference mainly to the current market conditions.

Assuming the Over-allotment Option is not exercised, the estimated underwriting commission, documentation and advisory fee, listing fees, the Stock Exchange trading fee, the SFC transaction levy, the FRC transaction levy, legal and other professional fees, together with printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$44.1 million in total, out of which the estimated underwriting commission payable to the Underwriters will amount to approximately HK$13.1 million (representing approximately 29.7% of the estimated total listing expenses), based on an Offer Price of HK$0.54 (being the mid-point of the indicative Offer Price range), and are payable by our Company.

SOLE SPONSOR'S, JOINT GLOBAL COORDINATORS' AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive a sponsorship fee. The Joint Global Coordinators and other Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Underwriting arrangements and expenses – Total commission, fee and expenses" in this section.

We have appointed Sunny Fortune Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the despatch of our annual report for the first full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sole Sponsor, the Joint Global Coordinators and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of our members nor any interest in the Global Offering.

THE GLOBAL OFFERING

The Global Offering comprises:

(a) the Hong Kong Public Offering of 24,100,000 Shares (subject to re-allocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "Underwriting arrangements and expenses – The Hong Kong Public Offering" in this section; and

(b) the International Placing of an aggregate of 216,900,000 Shares (subject to re-allocation as mentioned below and the Over-allotment Option) outside the United States (including to professional, institutional, corporate and/or other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong and other jurisdictions) in offshore transactions in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for Offer Shares under the International Placing, but may not do both. References in this prospectus to applications, application monies or the procedures for application relate solely to the Hong Kong Public Offering.

The Offer Shares will represent 25.0% of the total issued share capital of our Company immediately after completion of the Capitalisation Issue and the Global Offering (assuming that Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of our enlarged share capital immediately following the completion of the Capitalisation Issue and the Global Offering.

CONDITIONS OF THE GLOBAL OFFERING

The Global Offering will be conditional upon:

(i) the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue, any Shares to be issued pursuant to the Capitalisation Issue and the Global Offering, and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, and such listing and permission nor subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the agreement on the final Offer Price between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company being entered into on the Price Determination Date; and

(iii) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional in accordance with the terms and conditions of the respective agreements,

in each case, on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is the 30th day after the date of this prospectus.

If any of the above conditions has not been fulfilled or waived prior to the times and date(s) specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Global Offering will be caused to be published by our Company on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.sccgroup.com.my** the next day following such lapse. In such event, all application monies will be refunded, without interest. The terms on which the application monies will be refunded are set forth under the paragraph headed "How to Apply for the Hong Kong Offer Shares – 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies received from the Hong Kong Public Offering will be held in a separate bank account (or separate bank accounts) with the receiving bank or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

THE HONG KONG PUBLIC OFFERING

Number of Shares initially offered

We are initially offering 24,100,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. Subject to the re-allocation of Shares between the Hong Kong Public Offering and the International Placing, the Hong Kong Offer Shares will represent approximately 2.5% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to professional, institutional, corporate and/or other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed "Conditions of the Global Offering" in this section.

Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- ***Pool A:*** The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable); and

- ***Pool B:*** The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within either pool or between pools under the Hong Kong Public Offering and any application for more than 12,050,000 Hong Kong Offer Shares will be rejected.

Re-allocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Placing is subject to re-allocation on the following basis:

(a) where the International Placing Shares are fully subscribed or oversubscribed:

   (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Global Coordinators have the authority to re-allocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 24,100,000 Offer Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 48,200,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iii) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 48,200,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 72,300,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option);

(iv) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 72,300,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of the number of Offer Shares available under the Hong Kong Public Offering will be increased to 96,400,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

(v) if the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 96,400,000 Shares will be re-allocated to the Hong Kong Public Offering from the International Placing so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 120,500,000 Offer Shares representing approximately 50% of the number of the Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option); and

(b) where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 24,100,000 Offer Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 48,200,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

The number of Offer Shares to be offered in the International Placing and the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the sole and absolute discretion of the Joint Global Coordinators. In the event of re-allocation of Offer Shares between the Hong Kong Public Offering and the International Placing in the circumstances where (1) the International Placing Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (2) the International Placing Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, which is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering will be 24,100,000 Offer Shares (representing 10% of the number of the Offer Shares being offered under the Global Offering), so that the total number of Offer Shares for subscription under the Hong Kong Public Offering will increase up to 48,200,000 Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and 20% of the number of Offer Shares initially available under the Global Offering, and the final Offer Price shall be fixed at the bottom-end of the indicative Offer Price range (i.e. HK$0.52 per Offer Share) stated in this prospectus in accordance with Guidance Letter HKEX-GL91-18.

In the event of a re-allocation of Offer Shares from the International Placing to the Hong Kong Public Offering in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

Multiple or suspected multiple applications and any application for more than 100% of the Hong Kong Offer Shares initially comprised in the Hong Kong Public Offering are liable to be rejected. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$0.56 per Offer Share in addition to the brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%, amounting to a total of HK$2,828.22 per board lot of 5,000 Offer Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and allocation" in this section, is less than the maximum price of HK$0.56 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares initially offered

The International Placing will consist of an initial offering of 216,900,000 Shares (subject to re-allocation and the Over-allotment Option), representing 90% of the total number of Offer Shares initially available under the Global Offering and approximately 22.5% of the total issued share capital immediately after completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

Allocation

The International Placing will include selective marketing of the International Placing Shares to professional, institutional, corporate and/or other investors anticipated to have a sizeable demand for the International Placing Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealings in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the International Placing Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and allocation" below and based on a number of factors, including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and the Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered International Placing Shares under the International Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of the Hong Kong Offer Shares under the Hong Kong Public Offering.

Re-allocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described in the paragraph headed "The Hong Kong Public Offering – Re-allocation" in this section and/or the exercise of the Over-allotment Option in whole or in part.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company granted to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, the Over-allotment Option to cover over-allocations under the International Placing (if any).

Pursuant to the Over-allotment Option, our Company may be required at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to allot and issue, at the final Offer Price, up to an aggregate of 36,150,000 additional new Shares, representing 15% of the Offer Shares initially available under the Global Offering.

If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued share capital of our Company in issue following completion of the Capitalisation Issue and the Global Offering (after taking into account the exercise of the Over-allotment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme).

We will disclose in the allotment results announcement whether the Over-allotment Option is exercised.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, may, on behalf of the Underwriters, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager, or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Saturday, 10 September 2022.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Saturday, 10 September 2022, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with Soon Holdings, a controlling shareholder of our Company, to borrow, whether on its own or through its affiliates, up to 36,150,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from Soon Holdings by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Soon Holdings or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

- no payment will be made to Soon Holdings by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Placing. Prospective investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Thursday, 11 August 2022 by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, and, in any event, not later than 5:00 p.m. on Friday, 12 August 2022, and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$0.56 per Offer Share and is expected to be not less than HK$0.52 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional, corporate and/or other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published on the website of our Company (**www.sccgroup.com.my**) and the website of the Stock Exchange (**www.hkexnews.hk**) a notice of the reduction or to be announced in such manner as permitted under the Listing Rules and agreed between our Company and the Joint Global Coordinators. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such announcement will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction.

In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction as soon as practicable, together with an update of all relevant financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and potential investors who had applied for the Offer Shares will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received. However, if the Offer Price range is reduced, applicants will be notified that they are required to confirm their applications. If applicants have been notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Joint Global Coordinators, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares, are expected to be announced on Thursday, 18 August 2022 on the website of our Company (**www.sccgroup.com.my**) and the website of the Stock Exchange (**www.hkexnews.hk**).

If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or about Friday, 12 August 2022, the Global Offering will not become unconditional and will lapse immediately.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made for the Shares to be admitted into CCASS.

DEALINGS

Assuming that the Global Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 19 August 2022, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. (Hong Kong time) on Friday, 19 August 2022.

The Shares will be traded in board lots of 5,000 Shares each and are freely transferable. The stock code of the Shares is 2321.

1. HOW TO APPLY

We will not provide any printed application forms for use by the public.

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

(1) apply online via the **HK eIPO White Form** service in the **IPO App** (which can be downloaded by searching "**IPO App**" in App Store or Google Play or downloaded at **www.hkeipo.hk/IPOApp** or **www.tricorglobal.com/IPOApp**) or at **www.hkeipo.hk**; or

(2) electronically cause HKSCC Nominees to apply on your behalf, including by:

  (i) instructing your **broker** or **custodian** who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf; or

  (ii) (if you are an existing CCASS Investor Participant) giving **electronic application instructions** through the CCASS Internet System (**https://ip.ccass.com**) or through the CCASS Phone System (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants through HKSCC's Customer Service Centre by completing an input request.

If you apply through channel (1) above, the Hong Kong Offer Shares successfully applied for will be issued in your own name.

If you apply through channels (2)(i) or (2)(ii) above, the Hong Kong Offer Shares successfully applied for will be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for the Hong Kong Offer Shares if you, or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address; and
- are outside the United States, and are not a United States Person (as defined in Regulation S).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members names.

If an application is made by a person under a power of attorney, our Company and the Joint Global Coordinators may accept or reject it at their discretion and on any conditions they think fit, including provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. MINIMUM APPLICATION AMOUNT AND PERMITTED NUMBERS

Your application through the **HK eIPO White Form** service or the **CCASS EIPO** service must be for a minimum of 5,000 Hong Kong Offer Shares and in one of the numbers set out in the table. You are required to pay the amount next to the number you select. No application for any other number of Hong Kong Offer Share will be considered and any such application is liable to be rejected.

No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable on application *HK$*
5,000	2,828.22	50,000	28,282.20	500,000	282,821.98	5,000,000	2,828,219.80
10,000	5,656.44	60,000	33,938.64	600,000	339,386.37	6,000,000	3,393,863.76
15,000	8,484.66	70,000	39,595.08	700,000	395,950.77	7,000,000	3,959,507.72
20,000	11,312.88	80,000	45,251.52	800,000	452,515.17	8,000,000	4,525,151.68
25,000	14,141.10	90,000	50,907.96	900,000	509,079.57	9,000,000	5,090,795.64
30,000	16,969.32	100,000	56,564.39	1,000,000	565,643.96	10,000,000	5,656,439.60
35,000	19,797.54	200,000	113,128.79	2,000,000	1,131,287.92	12,050,000(1)	6,816,009.72
40,000	22,625.75	300,000	169,693.19	3,000,000	1,696,931.88		
45,000	25,453.98	400,000	226,257.59	4,000,000	2,262,575.84		

Note:

(1) Maximum number of Hong Kong Offer Shares you may apply for.

4. TERMS AND CONDITIONS OF AN APPLICATION

By applying through the **HK eIPO White Form** service at **www.hkeipo.hk** or by **IPO App**, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible and have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider; and (ii) you have due authority to give **electronic application instructions** on behalf of that other person as their agent.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Investors who meet the criteria in the paragraph headed "2. Who can apply" above in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk** or by **IPO App**.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website at **www.hkeipo.hk** or in the **IPO App**. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website at **www.hkeipo.hk** or the **IPO App**, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

If you have any questions on how to apply through the **HK eIPO White Form** service for the Hong Kong Offer Shares, please contact the telephone enquiry line of our Hong Kong Branch Share Registrar, Tricor Investor Services Limited at +852 3907 7333 which is available on the following dates:

Monday, 8 August 2022	–	9:00 a.m. to 6:00 p.m.
Tuesday, 9 August 2022	–	9:00 a.m. to 6:00 p.m.
Wednesday, 10 August 2022	–	9:00 a.m. to 6:00 p.m.
Thursday, 11 August 2022	–	9:00 a.m. to 12:00 noon

Time for submitting applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** or by **IPO App** (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, 8 August 2022 until 11:30 a.m. on Thursday, 11 August 2022 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 11 August 2022 or such later time under the paragraph headed "10. Effect of bad weather and/or extreme conditions on the opening of the application lists" below in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** Service or by any other means, all of your applications are liable to be rejected.

If you are a nominee, in the box marked "For Nominees" you must include an account number or some other identification code for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner when you fill in the application details. If you do not include this information, the application will be treated as being made for your own benefit.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING THROUGH CCASS EIPO SERVICE

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling (852) 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Services Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Global Coordinators and our Hong Kong Branch Share Registrar.

Applying through CCASS EIPO service

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and an application is made by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of applying through CCASS EIPO service

By applying through **CCASS EIPO** service, or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in this prospectus.

Time for inputting electronic application instructions[1]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Monday, 8 August 2022	–	9:00 a.m. to 8:30 p.m.
Tuesday, 9 August 2022	–	8:00 a.m. to 8:30 p.m.
Wednesday, 10 August 2022	–	8:00 a.m. to 8:30 p.m.
Thursday, 11 August 2022	–	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, 8 August 2022 until 12:00 noon on Thursday, 11 August 2022 (24 hours daily, except on, Thursday, 11 August 2022, the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, 11 August 2022, the last application day or such later time as described in the subsection headed "10. Effect of bad weather and/or extreme conditions on the opening of the application lists" in this section.

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing Participants, CCASS Custodian Participants and/or CCASS Investor Participants.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The following Personal Information Collection Statement applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. By applying through the CCASS EIPO service, you agree to all of the terms of the Personal Information Collection Statement below.

Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the Hong Kong Branch Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Reasons for the collection of your personal data

It is necessary for applicants and registered holders of the Hong Kong Offer Shares to supply correct personal data to our Company or its agents and the Hong Kong Branch Share Registrar when applying for the Hong Kong Offer Shares or transferring the Hong Kong Offer Shares into or out of their names or in procuring the services of the Hong Kong Branch Share Registrar.

Failure to supply the requested data may result in your application for the Hong Kong Offer Shares being rejected, or in delay or the inability of our Company or the Hong Kong Branch Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of the Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of share certificate(s) to which you are entitled.

It is important that the holders of the Hong Kong Offer Shares inform our Company and the Hong Kong Branch Share Registrar immediately of any inaccuracies in the personal data supplied.

Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund cheque and e-Auto Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of the Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the register of members of our Company;
- verifying identities of the holders of the Shares;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Branch Share Registrar to discharge their obligations to holders of the Shares and/or regulators and/or any other purposes to which the holders of the Shares may from time to time agree.

Transfer of personal data

Personal data held by our Company and the Hong Kong Branch Share Registrar relating to the holders of the Hong Kong Offer Shares will be kept confidential but our Company and the Hong Kong Branch Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- where applicants for the Hong Kong Offer Shares request a deposit into CCASS, HKSCC or HKSCC Nominees, who will use the personal data for the purposes of operating CCASS;
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the Hong Kong Branch Share Registrar in connection with their respective business operation;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations; and

- any persons or institutions with which the holders of the Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers etc.

Retention of personal data

Our Company and the Hong Kong Branch Share Registrar will keep the personal data of the applicants and holders of the Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Access to and correction of personal data

Holders of the Hong Kong Offer Shares have the right to ascertain whether our Company or the Hong Kong Branch Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the Hong Kong Branch Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and the Hong Kong Branch Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of our company secretary and the privacy compliance officer of the Hong Kong Branch Share Registrar, respectively.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 11 August 2022.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees.

All of your applications will be rejected if more than one application by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealings in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"***Unlisted company***" *means a company with no equity securities listed on the Stock Exchange.*

"***Statutory control***" *means you:*

- *control the composition of the board of directors of the company;*
- *control more than half of the voting power of the company;*
- *hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).*

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The maximum Offer Price is HK$0.56 per Offer Share. You must also pay brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.005% and FRC transaction levy of 0.00015%. This means that for one board lot of 5,000 Hong Kong Offer Shares, you will pay HK$2,828.22.

You must pay the maximum Offer Price, brokerage, SFC transaction levy, the Stock Exchange trading fee and FRC transaction levy in full upon application for the Hong Kong Offer Shares.

You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 5,000 Hong Kong Offer Shares. Each application or electronic application instructions in respect of more than 5,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the paragraph "3. Minimum application amount and permitted numbers" in this section or as otherwise specified on the designated website at **www.hkeipo.hk** or in the **IPO App**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy, Stock Exchange trading fee and FRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy and FRC transaction levy, collected by the Stock Exchange on behalf of the SFC and the FRC).

For further details on the Offer Price, see the section headed "Structure and Conditions of the Global Offering" in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATIONS LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- an announcement of "extreme conditions" by the Hong Kong Government in accordance with the revised "Code of Practice in times of Typhoons and rainstorms" issued by the Hong Kong Labour Department in June 2019; and
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 11 August 2022. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, 11 August 2022 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal and/or extreme conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 18 August 2022 on our Company's website at **www.sccgroup.com.my** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.sccgroup.com.my** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, 18 August 2022;

- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** (or **www.hkeipo.hk/IPOResult**) or "IPO Results" function in the **IPO App** with a "search by ID function" on a 24-hour basis from 8:00 a.m. on Thursday, 18 August 2022 to 12:00 midnight on Wednesday, 24 August 2022; and

- by telephone enquiry line by calling +852 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 18 August 2022 to Tuesday, 23 August 2022 on a business day (excluding Saturday, Sunday and public holidays).

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and Conditions of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By applying through giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;

- your application is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** Service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.hkeipo.hk** or in the **IPO App**;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially available for subscription under the Global Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.56 per Offer Share (excluding brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy thereon), or if the conditions of the Hong Kong Public Offering set out in the section headed "Structure and Conditions of the Global Offering – Conditions of the Global Offering" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 18 August 2022.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on Thursday, 18 August 2022. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 19 August 2022 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply through HK eIPO White Form Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from The Hong Kong Branch Share Register, Tricor Investor Services Limited, at 17/F, Far East Finance Centre,16 Harcourt Road, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 18 August 2022, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 18 August 2022 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) in your name (or, in the case of joint applications, the first-named applicant) by ordinary post at your own risk.

(ii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Shares Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 18 August 2022, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in the paragraph headed "Publication of results" above on Thursday, 18 August 2022. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 18 August 2022 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 18 August 2022. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 18 August 2022.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbrokers or other professional advisers for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's independent joint reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong and Mazars LLP, Public Accountants and Chartered Accountants of Singapore.

INDEPENDENT JOINT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SWANG CHAI CHUAN LIMITED

The Directors
Swang Chai Chuan Limited
Sunny Fortune Capital Limited

Introduction

We report on the historical financial information of Swang Chai Chuan Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages I-4 to I-70, which comprises the combined statements of financial position of the Group at 31 December 2019, 2020 and 2021 and 30 April 2022, the statements of financial position of the Company at 31 December 2019, 2020 and 2021 and 30 April 2022, and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-70 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 8 August 2022 (the "Prospectus") issued in connection with the initial listing of shares of the Company (the "Initial Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design 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. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group at 31 December 2019, 2020 and 2021 and 30 April 2022, the financial position of the Company at 31 December 2019, 2020 and 2021 and 30 April 2022, and of the Group's financial performance and cash flows for the Track Record Period (i.e. each of the three years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022) in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends declared by entities now comprising the Group in respect of the Track Record Period.

Preparation or audit of financial statements

At the date of this report, no statutory audited financial statements have been prepared for the Company since its date of incorporation.

Note 1 to the Historical Financial Information contains information about whether the financial statements of the members of the Group for the Track Record Period have been audited and, if applicable, the name of the auditors.

Mazars CPA Limited
Certified Public Accountants
42nd Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

8 August 2022

Mazars LLP
Public Accountants and Chartered Accountants of Singapore
135 Cecil Street
#10-01 MYP Plaza
Singapore 069536

8 August 2022

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were prepared by the directors of the Company in accordance with the accounting policies that conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were jointly audited by Mazars CPA Limited, *Certified Public Accountants, Hong Kong*, and Mazars LLP, *Public Accountants and Chartered Accountants of Singapore*, in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Malaysian Ringgit ("RM"), and all values are rounded to the nearest thousand (RM'000) except otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Four months ended 30 April	
		2019	**2020**	**2021**	**2021**	**2022**
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Revenue	*5*	497,435	564,632	668,738	217,055	266,652
Cost of sales		(431,248)	(484,899)	(574,230)	(184,218)	(227,899)
Gross profit		66,187	79,733	94,508	32,837	38,753
Other income	*6*	1,924	2,813	1,296	491	226
Selling and distribution expenses		(30,369)	(36,349)	(40,699)	(11,850)	(14,228)
Administrative and other operating expenses		(12,855)	(14,320)	(16,002)	(5,616)	(6,121)
Finance costs	*7*	(1,909)	(1,581)	(1,373)	(522)	(492)
Listing expenses		(28)	(3,188)	(4,974)	(2,268)	(1,630)
Profit before tax	*7*	22,950	27,108	32,756	13,072	16,508
Income tax expenses	*10*	(5,292)	(8,311)	(9,168)	(3,870)	(4,582)
Profit for the year/period		17,658	18,797	23,588	9,202	11,926
Other comprehensive income (loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on combination/consolidation		–	26	25	57	(60)
Total comprehensive income for the year/period		17,658	18,823	23,613	9,259	11,866

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	At 31 December 2019 RM'000	2020 RM'000	2021 RM'000	At 30 April 2022 RM'000
Non-current assets					
Investment properties	*13(a)*	12,929	1,815	–	–
Property, plant and equipment	*14*	27,619	29,955	32,321	32,842
Right-of-use assets	*15*	6,801	8,350	9,462	8,947
Deposits paid for acquisition of property, plant and equipment	*31(a)*	–	–	–	1,050
Deferred tax assets	*23*	354	1,053	1,774	2,219
		47,703	41,173	43,557	45,058
Current assets					
Non-current assets held for distribution to owners	*13(b)*	–	10,017	–	–
Financial assets at FVPL	*16*	–	5,954	233	234
Inventories	*17*	43,942	45,031	56,292	63,634
Trade and other receivables	*18*	70,814	73,024	95,032	119,632
Pledged bank deposits	*19*	15,674	12,844	13,430	13,419
Bank balances and cash		11,883	13,012	4,480	8,339
Income tax recoverable		165	–	–	–
		142,478	159,882	169,467	205,258
Current liabilities					
Trade and other payables	*20*	35,112	51,037	55,777	66,804
Bank overdrafts	*21*	255	–	110	–
Interest-bearing borrowings	*21*	25,980	21,088	26,065	39,864
Lease liabilities	*22*	777	1,380	1,412	1,338
Income tax payable		–	376	1,651	3,656
Dividend payables		13,350	20,517	–	–
		75,474	94,398	85,015	111,662
Net current assets		67,004	65,484	84,452	93,596
Total assets less current liabilities		114,707	106,657	128,009	138,654
Non-current liabilities					
Interest-bearing borrowings	*21*	23,079	17,121	15,250	14,662
Lease liabilities	*22*	1,178	2,431	1,980	1,574
Deferred tax liabilities	*23*	456	531	592	365
		24,713	20,083	17,822	16,601
NET ASSETS		89,994	86,574	110,187	122,053
Capital and reserves					
Share capital	*24*	–*	–*	–*	–*
Reserves	*25*	89,994	86,574	110,187	122,053
TOTAL EQUITY		89,994	86,574	110,187	122,053

* Represent amount less than RM1,000.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December			At 30 April
		2019	2020	2021	2022
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Non-current asset					
Investment in a subsidiary	*24(b)*	–*	–*	–*	–*
Current assets					
Prepayments		–	35	472	414
Cash		–*	–*	–*	–*
		–*	35	472	414
Current liabilities					
Accrued expenses		–	568	768	1,536
Amount due to the immediate holding company	*24(c)*	–*	–*	–*	–*
Amounts due to subsidiaries	*24(d)*	–	2,483	7,883	8,718
		–*	3,051	8,651	10,254
Net current liabilities		–*	(3,016)	(8,179)	(9,840)
NET LIABILITIES		–*	(3,016)	(8,179)	(9,840)
Capital and reserves					
Share capital	*24(a)*	–*	–*	–*	–*
Reserves	*24(e)*	–	(3,016)	(8,179)	(9,840)
TOTAL DEFICITS		–*	(3,016)	(8,179)	(9,840)

* Represent amount less than RM1,000.

COMBINED STATEMENTS OF CHANGES IN EQUITY

		Reserves			
	Share capital	**Capital reserve**	**Translation reserve**	**Accumulated profits**	**Total**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
	(Note 24(a))	*(Note 25(a))*	*(Note 25(b))*		
At 1 January 2019	–	–*	–	85,836	85,836
Profit and total comprehensive income for the year	–	–	–	17,658	17,658
Transactions with owners:					
Contributions and distributions					
Issue of shares	–*	–	–	–	–*
Dividends *(Note 12)*	–	–	–	(13,500)	(13,500)
Total transactions with owners	–*	–	–	(13,500)	(13,500)
At 31 December 2019	–*	–*	–	89,994	89,994

* Represent amount less than RM1,000.

		Reserves			
	Share capital	**Capital reserve**	**Translation reserve**	**Accumulated profits**	**Total**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
	(Note 24(a))	*(Note 25(a))*	*(Note 25(b))*		
At 1 January 2020	–*	–*	–	89,994	89,994
Profit for the year	–	–	–	18,797	18,797
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on combination/consolidation	–	–	26	–	26
Total comprehensive income for the year	–	–	26	18,797	18,823
Transactions with owners:					
Contributions and distributions					
Dividends *(Note 12)*	–	–	–	(20,517)	(20,517)
Disposal of NSB Marketing *(Note 28)*	–	–	–	(1,726)	(1,726)
Total transactions with owners	–	–	–	(22,243)	(22,243)
At 31 December 2020	–*	–*	26	86,548	86,574
At 1 January 2021	–*	–*	26	86,548	86,574
Profit for the year	–	–	–	23,588	23,588
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on consolidation	–	–	25	–	25
Total comprehensive income for the year	–	–	25	23,588	23,613
At 31 December 2021	–*	–*	51	110,136	110,187

* Represent amount less than RM1,000.

	Share capital *RM'000* *(Note 24(a))*	Reserves: Capital reserve *RM'000* *(Note 25(a))*	Reserves: Translation reserve *RM'000* *(Note 25(b))*	Reserves: Accumulated profits *RM'000*	Total *RM'000*
At 1 January 2022	–*	–*	51	110,136	110,187
Profit for the period	–	–	–	11,926	11,926
Other comprehensive loss					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on consolidation	–	–	(60)	–	(60)
Total comprehensive (loss) income for the period	–	–	(60)	11,926	11,866
At 30 April 2022	–*	–*	(9)	122,062	122,053
At 1 January 2021	–*	–*	26	86,548	86,574
Profit for the period	–	–	–	9,202	9,202
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on consolidation	–	–	57	–	57
Total comprehensive income for the period	–	–	57	9,202	9,259
At 30 April 2021	–*	–*	83	95,750	95,833

* Represent amount less than RM1,000.

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
OPERATING ACTIVITIES					
Profit before tax	22,950	27,108	32,756	13,072	16,508
Adjustments for:					
Depreciation	3,443	3,375	4,394	1,342	1,505
Finance costs	1,909	1,581	1,373	522	492
Exchange difference	–	27	25	57	(60)
Interest income	(454)	(472)	(264)	(117)	(100)
Dividend income	–	(154)	(31)	(28)	(1)
(Gain) Loss on disposal of property, plant and equipment, net	(75)	10	(80)	(36)	–
Loss on disposal of EC Maju Frozen	–	130	–	–	–
Gain on lease termination	(9)	(1)	–	–	–
Provision for loss allowance of trade receivables	5	5	718	129	867
Reversal of loss allowance of trade receivables	–	–	(256)	–	–
Provision for write-down of inventories, net	222	138	736	36	244
Bad debts written off	54	249	331	232	156
Operating cash inflows before movements in working capital	28,045	31,996	39,702	15,209	19,611
Changes in working capital:					
Inventories	(4,188)	(1,573)	(11,997)	(5,599)	(7,586)
Trade and other receivables	(8,934)	(3,951)	(22,801)	(18,725)	(25,623)
Trade and other payables	6,405	13,647	8,653	15,639	13,105
Cash generated from (used in) operations	21,328	40,119	13,557	6,524	(493)
Income tax paid	(6,316)	(8,471)	(8,552)	(2,600)	(3,249)
Net cash from (used in) operating activities	15,012	31,648	5,005	3,924	(3,742)
INVESTING ACTIVITIES					
(Increase) Decrease in pledged bank deposits	(2,220)	2,830	(586)	(297)	11
Interest received	454	472	264	117	100
Deposits paid for acquisition of property, plant and equipment	–	–	–	–	(1,050)
Dividend received	–	154	31	28	1
Payment for purchase of property, plant and equipment	(8,167)	(4,643)	(5,127)	(2,261)	(1,511)

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Payment for purchase of investment properties	(987)	–	–	–	–
Payment for purchase of right-of-use assets	(140)	(77)	–	–	–
Payment for purchase of financial assets at FVPL	–	(43,554)	(11,731)	(11,728)	(1)
Proceeds from disposal of property, plant and equipment	138	75	264	143	–
Proceeds from redemption of financial assets at FVPL	–	37,600	17,452	17,452	–
Net cash flow from disposal of subsidiaries	–	(357)	–	–	–
Net cash (used in) from investing activities	(10,922)	(7,500)	567	3,454	(2,450)
FINANCING ACTIVITIES					
Inception of interest-bearing borrowings	102,148	75,150	83,530	24,944	62,695
Repayment of interest-bearing borrowings	(93,530)	(85,160)	(80,424)	(19,860)	(49,484)
Interest paid	(1,909)	(1,581)	(1,373)	(522)	(492)
(Repayment to) Advance from the Ultimate Controlling Party	(4,062)	(1,639)	(2,227)	248	(2,078)
(Repayment to) Advance from related parties	(50)	1,684	(1,687)	(1,687)	–
Issue of shares	–*	–	–	–	–
Dividends paid	(150)	(10,500)	(10,500)	(10,500)	–
Repayment of lease liabilities	(984)	(718)	(1,533)	(457)	(480)
Net cash from (used in) financing activities	1,463	(22,764)	(14,214)	(7,834)	10,161
Net increase (decrease) in cash and cash equivalents	5,553	1,384	(8,642)	(456)	3,969
Cash and cash equivalents at the beginning of the reporting period	6,075	11,628	13,012	13,012	4,370
Cash and cash equivalents at the end of the reporting period	11,628	13,012	4,370	12,556	8,339
Analysis of the balances of cash and cash equivalents					
Bank balances and cash	11,883	13,012	4,480	12,556	8,339
Bank overdrafts	(255)	–	(110)	–	–
	11,628	13,012	4,370	12,556	8,339

* Represent amount less than RM1,000.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION AND REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019. The address of the Company's registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company's principal place of business is situated at Units 2201-2203, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and the Group's headquarter is situated at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in distribution and sales of food and beverages ("F&B") and provision of logistics, warehousing services and others in Malaysia.

At the date of this report, the immediate and ultimate holding company of the Company is Soon Holdings Limited ("Soon Holdings"), which is incorporated in the British Virgin Islands (the "BVI"). In the opinion of the directors of the Company, the ultimate controlling parties are Mr. Soon See Beng ("SB Soon"), Mr. Soon See Long ("SL Soon"), Mr. Soon Chiew Ang ("CA Soon") and Ms. Soon Lee Shiang ("LS Soon") (together the "Ultimate Controlling Party"), who have been acting in concert over the course of the Group's business history.

Pursuant to a group reorganisation (the "Reorganisation"), which was completed on 21 January 2021, as detailed in the paragraph headed "Reorganisation" of the section headed "History, Development and Reorganisation" of the Prospectus issued in connection with the initial listing of shares of the Company on the Main Board of the Stock Exchange, the Company became the holding company of the entities now comprising the Group.

At the date of this report, the particulars of the Company's subsidiaries, which are private limited liability companies, of which the Company has direct or indirect interests, are as follows:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/ place of operation
Directly held					
SCC Holdings Limited ("SCC Holdings")	The BVI	27 December 2018	United States Dollars ("US$")1	100%	Investment holding/ The BVI
Indirectly held					
Swang Chai Chuan Holding Sdn. Bhd. ("SCC Holding Malaysia")	Malaysia	17 December 2018	RM100	100%	Investment holding/Malaysia
Swang Chai Chuan (HK) Limited ("SCC HK")	Hong Kong	29 January 2019	Hong Kong Dollars ("HK$")1	100%	Dormant/Hong Kong
Swang Chai Chuan Sdn. Bhd. ("SCCSB")	Malaysia	28 March 1995	RM1,500,000	100%	Distribution and sales of F&B products/Malaysia
Swang Chai Chuan Seafood Sdn. Bhd. ("SCC Seafood")	Malaysia	26 October 1998	RM1,500,000	100%	Distribution and sales of frozen seafood and meat products/Malaysia

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/ place of operation
SCC Marketing (Pahang) Sdn. Bhd. ("SCCM Pahang")	Malaysia	18 June 1996	RM500,000	100%	Distribution and sales of fast-moving consumer goods/Malaysia
SCC Marketing (East Coast) Sdn. Bhd. ("SCCM East Coast")	Malaysia	14 August 2000	RM50,000	100%	Marketing and distribution and sales of F&B products/Malaysia
SCC Marketing (M) Sdn. Bhd. ("SCCM")	Malaysia	10 November 2003	RM1,000,000	100%	Packaging, processing, marketing and distribution and sales of F&B products/Malaysia
Chop Chin Huat Sendirian Berhad ("Chop Chin Huat")	Malaysia	12 January 1989	RM500,000	100%	Distribution and sales of F&B products/Malaysia
SCC Logistics Sdn. Bhd. ("SCC Logistics")	Malaysia	14 January 2013	RM500,000	100%	Provision of cold room facilities and transportation services/Malaysia

At the date of this report, the following subsidiaries that were combined in the Historical Financial Information during the Track Record Period are disposed because the principal activities of these subsidiaries do not form the core business of the Group:

Name of subsidiary	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued/Paid up capital	Attributable equity interest held by the Company	Principal activities/ place of operation
NSB Marketing Sdn. Bhd. ("NSB Marketing")	Malaysia	29 September 2015	RM300,000	Nil *(Disposed on 31 December 2020) (Note 28)*	Distribution and sales of milk powder brand/Malaysia
EC Maju Frozen Sdn. Bhd. ("EC Maju Frozen")	Malaysia	2 March 2012	RM50,000	Nil *(Disposed on 31 December 2020) (Note 28)*	Retail of fast-moving consumer goods/ Malaysia

The financial statements, as prepared in accordance with respective local financial reporting standards, of the Company's subsidiaries that fall into the Track Record Period have been audited as follows:

Subsidiary	Financial period	Auditors
SCC Holding Malaysia	Period ended 31 December 2019 Years ended 31 December 2020 and 2021	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
SCC HK	Period ended 31 December 2019 Years ended 31 December 2020 and 2021	Mazars CPA Limited, *Certified Public Accountants, Hong Kong*
SCCSB	Years ended 31 December 2019, 2020 and 2021	Kim & Co., *Chartered Accountants, Malaysia*
SCC Seafood	Years ended 31 December 2019, 2020 and 2021	McMillan Woods Thomas, *Chartered Accountants, Malaysia*
SCCM Pahang	Years ended 31 December 2019, 2020 and 2021	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
SCCM East Coast	Years ended 31 December 2019, 2020 and 2021	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
SCCM	Years ended 31 December 2019, 2020 and 2021	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
Chop Chin Huat	Period ended 31 December 2019 *(Note (ii))* Years ended 31 December 2020 and 2021	Chang Kong Foo & Co., *Chartered Accountants, Malaysia*
SCC Logistics	Years ended 31 December 2019, 2020 and 2021	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
NSB Marketing	Period ended 31 December 2019 *(Note (ii))* Year ended 31 December 2020	S. P. Kong & Chang, *Chartered Accountants, Malaysia*
EC Maju Frozen	Years ended 31 December 2019 and 2020	S. P. Kong & Chang, *Chartered Accountants, Malaysia*

Notes:

(i) No statutory audited financial statements have been prepared by SCC Holdings for the period from its date of incorporation to the date of this report as it is not required to issue audited financial statements under the statutory requirements at its place of incorporation.

(ii) The financial year end dates of these entities are changed to 31 December in order to be co-terminus with that of the Group. For the preparation of the Historical Financial Information, the financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies, thus there is no material financial impact on the combined financial information of the Group as a result of the change of the financial year end date.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Immediately prior to and after the Reorganisation, the Company and its subsidiaries now comprising the Group are ultimately controlled by the Ultimate Controlling Party. The Group's business is mainly conducted through SCCSB, SCC Seafood, SCCM Pahang, SCCM East Coast, SCCM, Chop Chin Huat and SCC Logistics while the Company and other entities within the Group have not been involved in any other significant activities prior to the Reorganisation. As the Reorganisation did not result in any change in the ultimate control of and the resources employed by the Group's business, the Group is regarded as a continuity entity and, therefore, the Reorganisation is considered to be a restructuring of entities and business under common control.

Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis under merger accounting principles, as further explained in the paragraph headed "Merger accounting for business combination involving entities under common control" in Note 3, which presents the combined financial position, combined financial performance, combined changes in equity and combined cash flows of the entities now comprising the Group as if the current group structure had always been in existence throughout the Track Record Period or since their respective date of establishment or incorporation, where applicable.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 3 which conforms with IFRSs issued by the IASB.

Statement of compliance

The Historical Financial Information has been prepared in accordance with IFRSs issued by the IASB, which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the IASB. The Historical Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued a number of new/revised IFRSs during the Track Record Period. For the purpose of the preparation of the Historical Financial Information, the Group has consistently adopted all those new/revised IFRSs that are relevant to its operations and are effective throughout the Track Record Period. Except for the adoption of IFRS 16, the adoption of those new/revised IFRSs does not have any significant impact on the Historical Financial Information.

Adoption of IFRS 16: Lease

The Group has consistently adopted IFRS 16, which replaced IAS 17 and effective from the accounting periods beginning on or after 1 January 2019, and the related consequential amendments to other IFRSs throughout the Track Record Period.

Before the adoption of IFRS 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in profit or loss over the lease period on a straight-line basis.

On adoption of IFRS 16, the Group recognised the lease liabilities in relation to leases which had previously been classified as operating leases except for those are otherwise exempted. The Group did not reassess if a contract was or contained a lease at adoption. These liabilities were initially measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of respective entities. The difference between the present value and the total remaining lease payments represents the cost of financing. Such finance cost will be charged to profit or loss in the period in which it is incurred on the basis that produces a constant periodic rate of interest on the remaining lease liability balance.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee, assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

The associated right-of-use assets were measured at the amount equal to the initial measurement of lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the combined statements of financial position immediately before the date of initial application. The right-of-use assets were recognised in the combined statements of financial position.

Depreciation was charged to profit or loss on a straight-line basis over the shorter of the assets' useful lives or over the unexpired term of lease.

A summary of significant accounting policies adopted by the Group in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for the unlisted investments of money market funds included in the financial assets at fair value through profit or loss ("FVPL") which are measured at fair value and non-current assets held for distribution to owners which is measured at the lower of its previous carrying amount and fair value less costs to distribute, as explained in the accounting policy set out below.

Basis of combinations

The Historical Financial Information comprises the financial statements of the Company and all of its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are combined from the date on which the Group obtains control and continue to be combined until the date that such control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Merger accounting for business combination involving entities under common control

The Historical Financial Information incorporates the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the Ultimate Controlling Party.

The net assets of the combining entities or businesses are combined using the existing carrying values from the Ultimate Controlling Party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the Ultimate Controlling Party's interest. All differences between the cost of acquisition (fair value of consideration paid) and the amounts at which the assets and liabilities, arising from the Reorganisation, are recognised directly in equity as part of the capital reserve. The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting, are recognised as an expense in the period in which they are incurred.

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statements of financial position, investment in a subsidiary is stated at cost less impairment loss (if any). The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The result of the subsidiary is accounted for by the Company on the basis of dividends received and receivable.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives at the annual rate/useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	Shorter of 50 years or over the unexpired term of lease
Leasehold improvements	Shorter of 5 years or over the unexpired term of lease
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Motor vehicles	10% to 20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment properties

Investment properties are land and/or building that are held by owner or lessee, to earn rental income and/or for capital appreciation. These include properties held for a currently undetermined future use. The Group's investment properties included freehold land and leasehold land and buildings.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties, other than freehold land, are stated at cost less accumulated depreciation and impairment losses.

Depreciation on leasehold land and buildings, other than freehold land, is calculated using the straight-line method to write off the cost less accumulated impairment losses of investment properties over their estimated useful lives as set out below:

Leasehold land and buildings	Shorter of 50 years or over the unexpired term of lease

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

The Group shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The change in use of properties include:

(a) commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; and

(d) inception of an operating lease to another party, for a transfer from inventories to investment property.

When an entity uses the cost model, transfers between investment properties and owner-occupied properties do not change the carrying amounts of the properties transferred and they do not change the costs of properties for measurement or disclosure purposes.

No gain or loss will be recognised for the transfer from property, plant and equipment to investment property, or vice versa.

Non-current assets held for distribution to owners

Non-current asset is classified as held for distribution to owners when the entity is committed to distribute the asset to owners. For this to be the case, the assets must be available for immediate distribution in their present condition and the distribution must be highly probable. For the distribution to be highly probable, actions to complete the distribution must have been initiated and should be expected to be completed within one year from the date of classification. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution will be withdrawn. The probability of shareholders' approval (if required in the jurisdiction) should be considered as part of the assessment of whether the distribution is highly probable. Non-current asset classified as held for distribution to owners is measured at the lower of its previous carrying amount and fair value less costs to distribute.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period following the change in the business model.

(1) *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, pledged bank deposits and bank balances and cash.

(2) *Financial assets at FVPL*

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Financial assets are designated at initial recognition as FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets designated as FVPL include unlisted investments of money market funds recognised as financial assets at FVPL.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, bank overdrafts, interest-bearing borrowings, lease liabilities and dividend payables. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information;

(ii) nature of financial instruments;

(iii) nature of collateral (if any);

(iv) industry of debtors;

(v) geographical location of debtors; and

(vi) external credit risk ratings.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria:

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group's pledged bank deposits and bank balances and cash are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) the disappearance of an active market for that financial asset because of financial difficulties; or

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the combined statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Dividend income from unlisted investments of money market funds is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Revenue from contracts with customers within IFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is distribution and sales of F&B and provision of logistics, warehousing services and others in Malaysia.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Revenue from distribution and sales of F&B is recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Revenue from logistics, warehousing services and others is recognised over time (except for sales of miscellaneous goods is recognised at a point in time) upon the performance obligation is satisfied.

For revenue recognised over time under IFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Group's performance and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Transaction price: significant financing components

When the contract contains a significant financing component (i.e. the customer or the Group is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Group determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Group's borrowing rates and other relevant creditworthiness information of the customer of the Group.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group gives trade discounts, rebates and/or other price incentives (collectively referred to as "Marketing Incentive") to selected customers. The Group estimates the Marketing Incentive using the most-likely-amount method and assesses whether the estimated variable consideration is constrained with reference to the customer's historical Marketing Incentive entitlement and accumulated purchases to date. Any significant estimation variances will be analysed and taken into consideration in the current estimation and assessment. Typically, the estimated consideration is not constrained.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for specified goods or services to be provided by the other party.

The Group is acting as a principal for the revenue from third-party brand distribution as the Group controls the third-party brand products before the good transferred to its customers and its performance obligation is to transfer those goods to its customers.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The Group receives payments from the customer which are largely in line with the timing of revenue recognition and no significant contract assets are recognised. Contract liabilities in relation to Marketing Incentive are recognised under "Other payables". The Group may offer the Marketing Incentive to its customers after they make purchase with and paid to the Group and customers will utilise the Marketing Incentive granted for their future purchases. The unused marketing incentives at the end of the reporting periods represent the Group's obligations to be performed and are recognised as contract liabilities.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is HK$ and majority of its subsidiaries have RM as their functional currency. The Historical Financial Information is presented in RM and rounded to the nearest thousands unless otherwise indicated, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the group entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;

- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

- on the disposal of a foreign operation, which includes a disposal of the Group's entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised; and

- on the partial disposal of the Group's interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first in, first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Impairment of other assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that the Group's investment properties, property, plant and equipment, right-of-use assets and the Company's investment in a subsidiary may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and, where applicable, the aggregate stand-alone price of the non-lease components.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives at the annual rates/useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Motor vehicles	10% to 20%
Leasehold land	Over the unexpired term of lease
Leased properties	50 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above;

(b) the Group determines the lease term of the modified contract;

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term;

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss; and/or

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

The Group has applied the practical expedient provided in Amendments to IFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021 and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

The Group as lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

Operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The Group's rental income from operating lease is recognised to profit or loss on a straight-line basis over the term of the relevant lease.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, any deferred tax arising from initial recognition of goodwill or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in a subsidiary, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group, that is defined as:

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the Historical Financial Information. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty:

(i) Useful lives of investment properties, property, plant and equipment and right-of-use assets

The management of the Group determines the estimated useful lives of the Group's investment properties, property, plant and equipment and right-of-use assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(ii) Impairment of investment properties, property, plant and equipment and right-of-use assets

The management of the Group determines whether the Group's investment properties, property, plant and equipment and right-of-use assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of investment properties, property, plant and equipment and right-of-use assets, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from investment properties, property, plant and equipment and right-of-use assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iii) Allowance for inventories

The management of the Group reviews the inventory ageing analysis periodically and where applicable, makes allowances for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. The Group carries out the inventory review on a product-by-product basis and makes allowances at the end of each reporting period by reference to management's estimation of the net realisable value based on the latest market prices and current market conditions.

(iv) Loss allowance for ECL

The management of the Group estimates the loss allowance for trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

(v) Income taxes

Significant estimates are required in determining the provision for income taxes and deferred taxation. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

Future changes in IFRSs

At the date of approving the Historical Financial Information, the IASB has issued the following new/revised IFRSs that are not yet effective for the Track Record Period, which the Group has not early adopted.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies(1)
Amendments to IAS 1	Disclosure of Accounting Policies(1)
Amendments to IAS 8	Definition of Accounting Estimates(1)
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction(1)
IFRS 17	Insurance Contracts(1)
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information(1)
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(2)

(1) Effective for annual periods beginning on or after 1 January 2023

(2) The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial information.

4. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the Track Record Period, as the Group manages its business as a whole as the businesses of distribution and sales of F&B and provision of logistics, warehousing services and others are carried out in Malaysia and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group's operation is in Malaysia. All of the Group's revenue from external customers during the Track Record Period is derived from Malaysia and almost all of the Group's assets and liabilities are located in Malaysia.

Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group during the Track Record Period.

5. REVENUE

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Revenue from contracts with customers within IFRS 15					
At a point in time					
– Distribution and sales of F&B	491,248	553,379	658,164	213,990	263,723
Over time					
– Provision of logistics, warehousing services and others	6,187	11,253	10,574	3,065	2,929
	497,435	564,632	668,738	217,055	266,652

The amounts of revenue recognised for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022 that were included in the contract liabilities at the beginning of the respective reporting periods were approximately RM551,000, RM559,000, RM4,421,000, RM1,612,000 and RM2,445,000, respectively *(Note 20(b))*.

6. OTHER INCOME

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Other income					
Interest income	454	472	264	117	100
Dividend income	–	154	31	28	1
Gain on disposal of property, plant and equipment	75	–	80	36	–
Gain on lease termination	9	1	–	–	–
Rental income	607	504	231	180	36
Exchange gain, net	336	–	–	–	–
Bad debts recovery	107	137	114	22	18
Government grants *(Note)*	–	877	46	–	–
Reversal of loss allowance of trade receivables	–	–	256	–	–
Sundry income	336	668	274	108	71
	1,924	2,813	1,296	491	226

Note: Government grants primarily consist of the fiscal support that the relevant government authorities offered to the Group's entities for subsidising on staff wages under COVID-19.

7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Finance costs					
Interest on bank overdrafts	3	1	1	–	–
Interest on interest-bearing borrowings	1,770	1,439	1,209	466	445
Interest on lease liabilities	136	141	163	56	47
	1,909	1,581	1,373	522	492
Staff costs (including directors' emoluments)					
Salaries, discretionary bonus, allowances and other benefits in kind	22,723	29,378	30,871	9,893	10,846
Contributions to defined contribution plans	2,062	2,841	3,133	904	1,054
	24,785	32,219	34,004	10,797	11,900

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Other items					
Cost of inventories	423,489	475,138	562,397	180,646	223,620
Auditor's remuneration	129	130	130	43	43
Depreciation of investment properties (charged to "administrative and other operating expenses")	257	265	–	–	–
Depreciation of property, plant and equipment (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	2,026	2,003	2,698	795	990
Depreciation of right-of-use assets (charged to "cost of sales" and "administrative and other operating expenses", as appropriate)	1,160	1,107	1,696	547	515
(Gain) Loss on disposal of property, plant and equipment	(75)	10	(80)	(36)	–
Loss on disposal of EC Maju Frozen *(Note 28)*	–	130	–	–	–
Gain on lease termination	(9)	(1)	–	–	–
Exchange (gain) loss, net	(336)	122	241	138	19
Expenses recognised under short-term leases	134	132	168	52	100
Bad debts written off	54	249	331	232	156
Provision for write-down of inventories, net	222	138	736	36	244
Provision for loss allowance of trade receivables, net	5	5	462	129	867

8. DIRECTORS' REMUNERATION

The Company was incorporated in the Cayman Islands on 14 February 2019. SB Soon was appointed as an executive director of the Company on the same day. CA Soon and SL Soon were appointed as executive directors of the Company on 25 January 2021. Mr. Khoo Chee Siang, Mr. Ooi Guan Hoe, Datuk Tan Teow Choon, Mr. Ngai Wah Sang and Ms. Tiong Hui Ling were appointed as independent non-executive directors of the Company on 14 July 2022.

Certain directors of the Company received remuneration from the entities now comprising the Group during the Track Record Period for their appointment as employees of these entities. The aggregate amounts of remuneration received and receivable by the directors of the Company during the Track Record Period are set out below.

Year ended 31 December 2019

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
SB Soon	–	1,432	–	257	1,689
CA Soon	–	429	–	69	498
SL Soon	–	293	–	54	347
	–	2,154	–	380	2,534

Year ended 31 December 2020

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
SB Soon	–	1,464	–	261	1,725
CA Soon	–	413	–	73	486
SL Soon	–	327	–	62	389
	–	2,204	–	396	2,600

Year ended 31 December 2021

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
SB Soon	–	1,448	–	303	1,751
CA Soon	–	404	–	102	506
SL Soon	–	304	–	65	369
	–	2,156	–	470	2,626

Four months ended 30 April 2021

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
SB Soon	–	483	–	89	572
CA Soon	–	135	–	25	160
SL Soon	–	101	–	19	120
	–	719	–	133	852

Four months ended 30 April 2022

	Directors' fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Executive directors					
SB Soon	–	552	–	97	649
CA Soon	–	161	–	29	190
SL Soon	–	133	–	24	157
	–	846	–	150	996

During the Track Record Period, no remuneration was paid by the Group to any of these directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Track Record Period is as follows:

	Number of individuals				
	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
Director	3	3	3	3	3
Non-director	2	2	2	2	2
	5	5	5	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Salaries, discretionary bonus, allowances and other benefits in kind	524	636	687	201	189
Contributions to defined contribution plans	63	76	82	27	30
	587	712	769	228	219

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
Nil to HK$1,000,000	2	2	2	2	2

During the Track Record Period, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Track Record Period.

10. TAXATION

	Year ended 31 December			Four months ended 30 April	
	2019	2020	2021	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Current tax					
Malaysia corporate income tax ("Malaysia CIT")	5,132	8,935	9,828	3,932	5,254
Deferred taxation *(Note 23)*					
Changes in temporary differences	160	(624)	(660)	(62)	(672)
Total income tax expenses for the year/period	5,292	8,311	9,168	3,870	4,582

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for the Track Record Period.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

Malaysia CIT is calculated at 24% of the estimated assessable profits for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022. Malaysia incorporated entities with paid-up capital of RM2.5 million or less enjoy tax rate of 17% on the first RM500,000 of the estimated assessable profits for the year ended 31 December 2019. For the years ended 31 December 2020 and 2021 and the four months ended 30 April 2021 and 2022, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and annual sales of not more than RM50.0 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits. The remaining balance is calculated at the tax rate of 24%.

For the entities under pioneer status which is granted under the Promotion of Investments Act 1986 of Law of Malaysia (the "Pioneer Status"), the first 70% of the estimated assessable profit are tax exempted.

During the year ended 31 December 2019, one of the Group's subsidiaries, SCC Logistics, was granted with the Pioneer Status.

Reconciliation of income tax expenses

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Profit before tax	22,950	27,108	32,756	13,072	16,508
Income tax at statutory tax rate applicable in respective territories	5,508	6,506	7,861	3,137	3,962
Non-deductible expenses	505	1,973	1,431	779	697
Tax exempt revenue	–	(38)	(6)	–	–
Tax exemption and pioneer status	(483)	–	–	–	–
Tax concessions	(245)	(132)	(90)	(17)	(126)
Others	7	2	(28)	(29)	49
Income tax expenses	5,292	8,311	9,168	3,870	4,582

11. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

12. DIVIDENDS

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Dividends declared to the then equity owners of the entities now comprising the Group	13,500	20,517	–	–	–

No dividends per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

13(a) INVESTMENT PROPERTIES

	Year ended 31 December			Four months ended 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Reconciliation of carrying amount				
At the beginning of the reporting period	12,199	12,929	1,815	–
Additions	987	–	–	–
Disposal through disposal of EC Maju Frozen *(Note 28)*	–	(1,042)	–	–
Reclassified as non-current assets held for distribution to owners *(Note 13b)*	–	(9,807)	–	–
Reclassified as property, plant and equipment *(Note 14)*	–	–	(121)	–
Reclassified as right-of-use assets *(Note 15)*	–	–	(1,694)	–
Depreciation	(257)	(265)	–	–
At the end of the reporting period	12,929	1,815	–	–

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
Cost	14,272	2,419	–	–
Accumulated depreciation	(1,343)	(604)	–	–
	12,929	1,815	–	–
Fair values	19,580	1,815	–	–

The investment properties consist of several pieces of freehold or leasehold land and buildings in Malaysia.

The fair values of investment properties/non-current assets held for distribution to owners *(Note 13(b))* are under Level 3 of the three-level fair value hierarchy as defined under IFRS 13. At 31 December 2019 and 2020, the fair value of investment properties/non-current assets held for distribution to owners were determined by the management of the Group with reference to valuation reports from independent professional qualified valuers, who have relevant experience in the location and category of the Group's investment properties/non-current assets held for distribution to owners being valued, on market value basis by comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. The selection criteria include market knowledge, reputation, independence and relevant professional standards. Recent sale price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the investment properties/non-current assets held for distribution to owners. The most significant input into this valuation approach is the price per square feet. The Group's management has discussed with the valuer on the valuation assumptions and valuation results for financial reporting purpose.

The higher the price per square feet, the higher the fair value of the investment properties/non-current assets held for distribution to owners, and vice versa.

The fair value measurement was based on the highest and best use of the investment properties/non-current assets held for distribution to owners, which did not differ from their existing use.

During the Track Record Period and up till 1 December 2020, the Group's investment properties were held for leasing out and/or capital appreciation.

On 1 January 2021, the Group changed its use of investment properties, including leasehold land and buildings (the "Leasehold Land and Buildings") with net carrying amounts of approximately RM1,694,000 and RM121,000, respectively, from earning rental income and/or for capital appreciation to own use with commencement of development with a view to owner-occupation. Subsequent to the change in use of the Leasehold Land and Buildings, the Group ceases to recognise the Leasehold Land and Buildings as investment properties and reclassified the Leasehold Land and Buildings as property, plant and equipment and right of use assets, as appropriate.

The Group's investment properties with a total carrying amount of approximately RM10,559,000 and RM1,815,000 at 31 December 2019 and 2020, respectively, were pledged to secure banking facilities *(Note 21)* granted to the Group.

Although the risks associated with rights that the Group retains in underlying assets are not considered to be significant, the Group employs strategies to further minimise these risks by ensuring all contracts include clauses requiring the lessee to compensate the Group when a property has been subjected to excess wear-and-tear during the lease term.

13(b) NON-CURRENT ASSETS HELD FOR DISTRIBUTION TO OWNERS

		Year ended 31 December			Four months ended 30 April
		2019	**2020**	**2021**	**2022**
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Investment properties					
At the beginning of the reporting period		–	–	9,807	–
Transfers	*13(a)*	–	9,807	–	–
Distribution		–	–	(9,807)	–
At the end of the reporting period		–	9,807	–	–
Property, plant and equipment					
At the beginning of the reporting period		–	–	210	–
Transfers	*14*	–	210	–	–
Distribution		–	–	(210)	–
At the end of the reporting period		–	210	–	–
		–	10,017	–	–
Fair values		–	15,143	–	–

On 1 December 2020, the directors of a subsidiary of the Company declared dividends of approximately RM20,517,000 to the then equity owners of the entities now comprising the Group, in which, approximately RM10,017,000, representing the aggregate net carrying values of certain investment properties and property, plant and equipment on 1 December 2020, will be settled by way of transfer of certain of the Group's properties (the "Properties"). As the Group intended to dispose the Properties through distribution to owners rather than continuing use of them, the Properties were classified as non-current assets held for distribution to owners in accordance with IFRS 5 and were measured at carrying amount of approximately RM10,017,000 at 1 December 2020.

During the year ended 31 December 2021, the Properties were distributed to the then equity owners of the entities now comprising the Group.

The Properties held under non-current assets held for distribution to owners of approximately RM6,455,000 at 31 December 2020 were pledged to secure banking facilities *(Note 21)* granted to the Group.

The information in relation to the fair value measurement technique of the non-current assets held for distribution to owners at 31 December 2020 is set out in *Note 13(a)*.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Reconciliation of carrying amount – year ended 31 December 2019							
At 1 January 2019	5,072	9,291	403	4,248	1,196	1,199	21,409
Additions	4,089	3,186	23	45	164	660	8,167
Disposals	–	–	–	–	–	(63)	(63)
Depreciation	–	(297)	(138)	(800)	(353)	(438)	(2,026)
Transfers	–	–	–	–	–	132	132
At 31 December 2019	9,161	12,180	288	3,493	1,007	1,490	27,619
Reconciliation of carrying amount – year ended 31 December 2020							
At 1 January 2020	9,161	12,180	288	3,493	1,007	1,490	27,619
Additions	–	–	–	2,958	125	1,560	4,643
Disposals	–	–	–	–	–	(85)	(85)
Disposal through disposal of EC Maju Frozen *(Note 28)*	–	–	–	(8)	(1)	–	(9)
Reclassified as non-current assets held for distribution to owners* *(Note 13b)*	(100)	(110)	–	–	–	–	(210)
Depreciation	–	(321)	(109)	(787)	(248)	(538)	(2,003)
At 31 December 2020	9,061	11,749	179	5,656	883	2,427	29,955
Reconciliation of carrying amount – year ended 31 December 2021							
At 1 January 2021	9,061	11,749	179	5,656	883	2,427	29,955
Additions	1,458	–	–	1,509	226	1,934	5,127
Disposals	–	–	–	(24)	(33)	(127)	(184)
Reclassified from investment properties *(Note 13(a))*	–	121	–	–	–	–	121
Depreciation	–	(277)	(52)	(1,170)	(298)	(901)	(2,698)
At 31 December 2021	10,519	11,593	127	5,971	778	3,333	32,321
Reconciliation of carrying amount – period ended 30 April 2022							
At 1 January 2022	10,519	11,593	127	5,971	778	3,333	32,321
Additions	–	–	481	282	40	708	1,511
Depreciation	–	(96)	(51)	(430)	(65)	(348)	(990)
At 30 April 2022	10,519	11,497	557	5,823	753	3,693	32,842

* During the period from 1 January 2019 to 1 December 2020, these freehold land and buildings were vacant.

	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Plant and machinery RM'000	Furniture, fixtures and office equipment RM'000	Motor vehicles RM'000	Total RM'000
At 31 December 2019							
Cost	9,161	13,956	811	8,613	2,742	10,872	46,155
Accumulated depreciation	–	(1,776)	(523)	(5,120)	(1,735)	(9,382)	(18,536)
	9,161	12,180	288	3,493	1,007	1,490	27,619
At 31 December 2020							
Cost	9,061	13,736	811	11,358	2,805	11,594	49,365
Accumulated depreciation	–	(1,987)	(632)	(5,702)	(1,922)	(9,167)	(19,410)
	9,061	11,749	179	5,656	883	2,427	29,955
At 31 December 2021							
Cost	10,519	13,873	811	12,722	2,907	12,516	53,348
Accumulated depreciation	–	(2,280)	(684)	(6,751)	(2,129)	(9,183)	(21,027)
	10,519	11,593	127	5,971	778	3,333	32,321
At 30 April 2022							
Cost	10,519	13,873	1,292	13,004	2,923	12,907	54,518
Accumulated depreciation	–	(2,376)	(735)	(7,181)	(2,170)	(9,214)	(21,676)
	10,519	11,497	557	5,823	753	3,693	32,842

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities *(Note 21)* at 31 December 2019, 2020 and 2021 and 30 April 2022 are as follows:

	Freehold land RM'000	Buildings RM'000
Pledged to secure banking facilities		
At 31 December 2019	9,061	9,924
At 31 December 2020	9,061	9,690
At 31 December 2021	9,061	9,717
At 30 April 2022	9,061	9,640

15. RIGHT-OF-USE ASSETS

	Leasehold land *RM'000*	Leased properties *RM'000*	Motor vehicles *RM'000*	Total *RM'000*
Reconciliation of carrying amount – year ended 31 December 2019				
At 1 January 2019	4,779	491	2,285	7,555
Additions	–	–	647	647
Lease termination	–	(109)	–	(109)
Depreciation	(110)	(232)	(818)	(1,160)
Transfers	–	–	(132)	(132)
At 31 December 2019	4,669	150	1,982	6,801
Reconciliation of carrying amount – year ended 31 December 2020				
At 1 January 2020	4,669	150	1,982	6,801
Additions	–	1,711	1,010	2,721
Lease termination	–	(5)	–	(5)
Disposal through disposal of EC Maju Frozen *(Note 28)*	–	(60)	–	(60)
Depreciation	(111)	(168)	(828)	(1,107)
At 31 December 2020	4,558	1,628	2,164	8,350
Reconciliation of carrying amount – year ended 31 December 2021				
At 1 January 2021	4,558	1,628	2,164	8,350
Additions	–	70	1,044	1,114
Reclassified from investment properties *(Note 13(a))*	1,694	–	–	1,694
Depreciation	(211)	(628)	(857)	(1,696)
At 31 December 2021	6,041	1,070	2,351	9,462
Reconciliation of carrying amount – period ended 30 April 2022				
At 1 January 2022	6,041	1,070	2,351	9,462
Depreciation	(62)	(201)	(252)	(515)
At 30 April 2022	5,979	869	2,099	8,947
At 31 December 2019				
Cost	5,663	352	4,632	10,647
Accumulated depreciation	(994)	(202)	(2,650)	(3,846)
	4,669	150	1,982	6,801
At 31 December 2020				
Cost	5,663	1,867	5,642	13,172
Accumulated depreciation	(1,105)	(239)	(3,478)	(4,822)
	4,558	1,628	2,164	8,350

	Leasehold land *RM'000*	Leased properties *RM'000*	Motor vehicles *RM'000*	Total *RM'000*
At 31 December 2021				
Cost	7,945	1,780	6,686	16,411
Accumulated depreciation	(1,904)	(710)	(4,335)	(6,949)
	6,041	1,070	2,351	9,462
At 30 April 2022				
Cost	7,945	1,780	6,686	16,411
Accumulated depreciation	(1,966)	(911)	(4,587)	(7,464)
	5,979	869	2,099	8,947

The Group leases various properties and motor vehicles for its daily operations, the lease terms range from 2 to 6 years during each of the reporting period under the Track Record Period. The leasehold lands represent lump sum considerations paid by the Group, which are with initial lease period range from 35 to 93 years and there are no ongoing payments to be made under the terms of the land leases.

The Group's leasehold lands with a total carrying amount of approximately RM4,669,000, RM4,558,000, RM4,404,000 and RM4,367,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, were pledged to secure bank facilities *(Note 21)* granted to the Group.

The Group's motor vehicles with a total carrying amount of approximately RM1,982,000, RM2,164,000, RM2,351,000 and RM2,099,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, were pledged to secure the lease liabilities *(Note 22)*.

Extension and termination options

The lease contracts of leased properties contain extension or termination options. These options aim to provide flexibility to the Group in managing the leased assets. The extension option of the leased properties is normally exercised because the Group does not want to incur additional costs, such as leasehold improvements, while exercising the termination option is normally unusual unless the Group could replace the leased properties without significant cost or acquisition of a new property. The Group seldom exercises options that were not included in the lease liabilities. During the Track Record Period, all of lease contracts for leased properties contains an extension or termination option, in which the total lease payment made amounted to approximately RM1,254,000, RM991,000, RM1,864,000, RM565,000 and RM627,000, representing the total cash outflows for lease during the Track Record Period. Except for certain measures imposed by the relevant government authority in Malaysia which allow the Group to defer the lease payments from 1 April 2020 and for a period of 6 months optionally, no optional lease payments were made.

Restriction or covenants

Most of the leases impose a restriction that, unless approval is obtained from the lessor, the right-of-use asset can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets. The Group is also required to keep those leased assets in a good state of repair and return the leased assets in their original condition at the end of the lease.

Commitments under leases

At 31 December 2019, 2020 and 2021 and 30 April 2022, the Group was committed to short-term leases or low-value asset leases of approximately RM78,000, RM50,000, RM121,000 and RM83,000, respectively.

During the Track Record Period, no lease contract contains variable lease payment terms.

16. FINANCIAL ASSETS AT FVPL

	At 31 December 2020 RM'000	2021 RM'000	At 30 April 2022 RM'000
Financial assets mandatorily measured at FVPL			
Unlisted investments – Money market funds	5,954	233	234

The money market funds represented unlisted investments acquired by the Group which are managed by banks in Malaysia and mainly invested in deposit and money market instruments and/or liquid assets. They can be redeemed from time to time and bear return at market rates. During the years ended 31 December 2020 and 2021 and the four months ended 30 April 2022, the actual rates of return for the money market funds are ranging from 1.47% to 2.88% per annum. The fair values of the money market funds are reported by the banks with reference to the fair value of the underlying instruments at the end of each reporting period.

The movements of the money market funds are analysed as follows:

	At 31 December 2020 RM'000	2021 RM'000	Four months ended 30 April 2022 RM'000
At the beginning of the reporting period	–	5,954	233
Additions	43,554	11,731	1
Redemptions	(37,600)	(17,452)	–
Gain on redemptions of money market funds	–*	–*	–
Fair value changes recognised in profit or loss	–*	–*	–*
At the end of the reporting period	5,954	233	234

* Represents amount less than RM1,000

17. INVENTORIES

	At 31 December 2019 RM'000	2020 RM'000	2021 RM'000	At 30 April 2022 RM'000
Raw materials	1,889	1,401	1,579	1,551
Finished goods	43,765	45,480	57,299	64,913
	45,654	46,881	58,878	66,464
Less: Write-down provision	(1,712)	(1,850)	(2,586)	(2,830)
	43,942	45,031	56,292	63,634

18. TRADE AND OTHER RECEIVABLES

		At 31 December			At 30 April
		2019	**2020**	**2021**	**2022**
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Trade receivables					
From related companies	*18(a)*	1,218	738	979	1,358
From third parties		69,107	69,294	89,796	113,400
		70,325	70,032	90,775	114,758
Less: Loss allowances	*29*	(2,206)	(2,211)	(2,673)	(3,540)
	18(b)	68,119	67,821	88,102	111,218
Other receivables					
Prepayments *(Note i)*		–	35	472	414
Deposits paid to suppliers		159	1,542	2,745	3,202
Other deposits and receivables *(Note ii)*		2,536	3,626	3,713	4,798
		2,695	5,203	6,930	8,414
		70,814	73,024	95,032	119,632

Note i: The amounts represent prepaid listing expenses.

Note ii: The amount at 31 December 2020 included (i) consideration receivable of RM0.4 million in regard to the disposal of EC Maju Frozen *(Note 28)* and (ii) a deposit paid to an independent third party of approximately RM0.1 million, representing 10% of the total consideration for acquisition of a land located in Pahang Darul Makmur, Malaysia (the "Land") *(Note 14)* for which the corresponding sale and purchase agreement was signed in November 2020 (the "Transaction") and the Transaction was completed in March 2021.

18(a) Trade receivables from related companies

The trade receivables from related companies are unsecured, interest-free and have credit terms up to 60 days from the date of issuance of invoices. No provision has been made for non-repayment of the amount due during the Track Record Period. The Group does not hold any collateral over these balances.

	Year ended 31 December 2019		
	Maximum amount outstanding during the year	**Balance at 31 December 2019**	**Balance at 1 January 2019**
	RM'000	*RM'000*	*RM'000*
Alfa Indah (Beserah) Sdn. Bhd. ("Alfa Indah (Beserah)") *(Note 18(a)(i))*	147	118	144
Alfa Indah (Jaya Gading) Sdn. Bhd. ("Alfa Indah (Jaya Gading)") *(Note 18(a)(ii))*	174	106	121
Just Relax Restaurant *(Note 18(a)(iii))*	42	18	33
Megamart Sdn. Bhd. ("Megamart") *(Note 18(a)(iv))*	1,830	934	1,310
Owl Cafe *(Note 18(a)(iii))*	19	17	16
Pak Su Seafood Restaurant Sdn. Bhd. ("Pak Su Seafood") *(Note 18(a)(v))*	24	10	6
The Eight Th *(Note 18(a)(vi))*	15	15	13
Tropicana Food Garden *(Note 18(a)(vii))*	27	–	10
	2,278	1,218	1,653

	Year ended 31 December 2020		
	Maximum amount outstanding during the year	**Balance at 31 December 2020**	**Balance at 1 January 2020**
	RM'000	*RM'000*	*RM'000*
Alfa Indah (Beserah)	250	86	118
Alfa Indah (Jaya Gading)	222	118	106
JR Grill & Bistro *(Note 18(a) (iii))*	25	14	–
Just Relax Restaurant	59	46	18
Mega Jaya Seafood Sdn. Bhd. ("Mega Jaya Seafood") *(Note 18(a)(viii))*	59	6	–
Megamart	1,706	438	934
Owl Cafe	40	13	17
Pak Su Seafood	29	17	10
The Eight Th	15	–	15
	2,405	738	1,218

	Year ended 31 December 2021		
	Maximum amount outstanding during the year	**Balance at 31 December 2021**	**Balance at 1 January 2021**
	RM'000	*RM'000*	*RM'000*
Alfa Indah (Beserah)	366	263	86
Alfa Indah (Jaya Gading)	187	118	118
JR Grill & Bistro	16	–	14
Just Relax Restaurant	52	56	46
Mega Jaya Seafood	56	–	6
Megamart	813	495	438
Owl Cafe	30	29	13
Pak Su Seafood	31	18	17
	1,551	979	738

	Four months ended 30 April 2022		
	Maximum amount outstanding during the period	**Balance at 30 April 2022**	**Balance at 1 January 2022**
	RM'000	*RM'000*	*RM'000*
Alfa Indah (Beserah)	302	236	263
Alfa Indah (Jaya Gading)	152	127	118
Just Relax Restaurant	68	45	56
Megamart	1,210	921	495
Owl Cafe	33	14	29
Pak Su Seafood	27	9	18
The Eight Th	14	6	–
	1,806	1,358	979

Notes:

(i) At 31 December 2019, 2020 and 2021 and 30 April 2022, 16.67% equity interests of Alfa Indah (Beserah) was held by SB Soon.

(ii) At 31 December 2019, 2020 and 2021 and 30 April 2022, 15% equity interests of Alfa Indah (Jaya Gading) was held by SB Soon.

(iii) At 31 December 2019, 2020 and 2021 and 30 April 2022, CA Soon, and his spouse, Ms. Ng Kar Wei ("Ms. KW Ng") were the partners of Just Relax Restaurant, Owl Cafe and JR Grill & Bistro.

(iv) At 31 December 2019, 2020 and 2021 and 30 April 2022, 25%, 26% and 49% equity interests of Megamart were held by SB Soon, Mr. Lim Tau Hong ("Mr. TH Lim"), who is the spouse of LS Soon, and Mack Food Pte Ltd., which equity interests are equally held by SB Soon and Mr. TH Lim, respectively.

(v) At 31 December 2019, 2020 and 2021 and 30 April 2022, 80% and 20% equity interests of Pak Su Seafood was held by the Ultimate Controlling Party and Mr. TH Lim, respectively.

(vi) At 31 December 2019, 2020 and 2021 and 30 April 2022, SL Soon and CA Soon were the partners of The Eight Th.

(vii) At 31 December 2019, 2020 and 2021 and 30 April 2022, SB Soon, SL Soon, CA Soon, and Mr. TH Lim were the partners of Tropicana Food Garden.

(viii) At 31 December 2019, 2020 and 2021 and 30 April 2022, 50% equity interests of Mega Jaya Seafood was held by SL Soon.

18(b) Trade receivables

The ageing analysis of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

		At 31 December		**At 30 April**
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within 30 days	36,321	41,263	52,101	66,941
31 to 60 days	24,436	21,575	28,719	36,430
61 to 90 days	6,860	4,983	6,116	6,279
Over 90 days	502	–	1,166	1,568
	68,119	67,821	88,102	111,218

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

		At 31 December		**At 30 April**
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Not yet due	37,961	42,411	53,280	69,130
Past due:				
Within 30 days	22,534	20,683	28,434	35,051
31 to 60 days	6,130	4,201	5,511	5,841
61 to 90 days	1,494	526	877	1,196
	30,158	25,410	34,822	42,088
	68,119	67,821	88,102	111,218

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

18(c) Information about the Group's exposure to credit risks and loss allowance for trade and other receivables is included in Note 29.

19. PLEDGED BANK DEPOSITS

At 31 December 2019, 2020 and 2021 and 30 April 2022, pledged bank deposits are bank deposits which are pledged as securities in favour of banks for banking facilities granted *(Note 21)*. The pledged bank deposits are denominated in RM and bear annual interest rates ranging from 1.50% to 3.65% during each of the periods under the Track Record Period.

20. TRADE AND OTHER PAYABLES

		At 31 December			At 30 April
		2019	2020	2021	2022
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Trade payables					
To third parties	*20(a)*	26,652	30,758	37,111	48,781
Other payables					
Contract liabilities – Marketing Incentive	*20(b)*	559	4,421	7,032	8,113
Salary payables		2,121	4,828	4,523	4,911
Other accruals and other payables *(Note i)*		2,196	4,489	4,423	4,385
Rental and other deposits		135	197	258	262
Due to the Ultimate Controlling Party	*20(c)*	3,446	4,657	2,430	352
Due to related parties	*20(d)*	3	1,687	–	–
		8,460	20,279	18,666	18,023
		35,112	51,037	55,777	66,804

Note i: The amounts at 31 December 2019, 2020 and 2021 and 30 April 2022 included accrued listing expenses of approximately RM84,000, RM625,000, RM853,000 and RM1,536,000, respectively.

20(a) Trade payables

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	At 31 December			At 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within 30 days	15,072	19,485	18,995	32,994
31 to 60 days	10,760	11,102	17,100	15,186
61 to 90 days	528	83	855	316
Over 90 days	292	88	161	285
	26,652	30,758	37,111	48,781

20(b) Contract liabilities – Marketing Incentive

The balance represented accumulated unused obligations at the end of each reporting period which will be recognised as revenue in the next reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of contract liabilities within IFRS 15 are as follows:

	Year ended 31 December			Four months ended 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
At the beginning of the reporting period	551	559	4,421	7,032
Addition for the reporting period	559	4,421	7,032	3,526
Revenue recognised for the reporting period *(Note 5)*	(551)	(559)	(4,421)	(2,445)
At the end of the reporting period	559	4,421	7,032	8,113

The contract liabilities of approximately RM559,000, RM4,421,000, RM7,032,000 and RM8,113,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM559,000, RM4,421,000, RM7,032,000 and RM8,113,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

20(c) Due to the Ultimate Controlling Party

The amounts due are non-trade in nature, unsecured, interest-free, repayable on demand and will be fully settled prior to the Initial Listing.

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
SB Soon	1,409	2,290	1,862	84
SL Soon	505	789	339	79
CA Soon	1,028	789	40	–
LS Soon	504	789	189	189
	3,446	4,657	2,430	352

20(d) Due to related parties

The amounts due are non-trade in nature, unsecured, interest-free and repayable on demand.

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Tropicana Food Garden *(Note 18(a)(vii))*	3	–	–	–
NSB Marketing *(Note)*	–	1,687	–	–
	3	1,687	–	–

Note: At 31 December 2020, 100% equity interests of NSB Marketing was held by SB Soon.

21. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the bank overdrafts and interest-bearing borrowings of the Group are as follows:

		At 31 December			At 30 April
		2019	**2020**	**2021**	**2022**
	Note	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Bank overdrafts – secured	*21(a)*	255	–	110	–
Interest-bearing borrowings – secured	*21(b)*	49,059	38,209	41,315	54,526
	21(c)	49,314	38,209	41,425	54,526

21(a) Bank overdrafts – secured

The secured bank overdrafts are interest-bearing at base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum during the Track Record Period.

21(b) Interest-bearing borrowings – secured

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 31 December 2019, 2020 and 2021 and 30 April 2022, the secured bank borrowings carried weighted average effective interest rate of approximately 4.60%, 3.85%, 3.51% and 3.61% per annum, respectively.

At the end of each reporting period, details of the interest-bearing borrowings of the Group are as follows:

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Secured bank borrowings				
– Current portion	25,980	21,088	26,065	39,864
– Non-current portion	23,079	17,121	15,250	14,662
	49,059	38,209	41,315	54,526
Carrying amounts of the above borrowings are repayable:				
Within one year	25,980	21,088	26,065	39,864
More than one year, but not exceeding two years	1,909	1,914	1,943	1,912
More than two years, but not exceeding five years	8,399	7,498	6,626	6,193
Over five years	12,771	7,709	6,681	6,557
	49,059	38,209	41,315	54,526
Less: amounts shown under current liabilities	25,980	21,088	26,065	39,864
Amounts shown under non-current liabilities	23,079	17,121	15,250	14,662

21(c) The bank overdrafts and interest-bearing borrowings are secured by:

(i) guarantees provided by the Ultimate Controlling Party;

(ii) guarantees provided by the government of Malaysia;

(iii) properties owned by the related party, the parents of the Ultimate Controlling Party;

(iv) certain investment properties with aggregate net carrying amounts of approximately RM10,559,000, RM1,815,000, nil and nil at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, as set out in Note 13(a);

(v) certain property, plant and equipment with aggregate net carrying amounts of approximately RM18,985,000, RM18,751,000, RM18,778,000 and RM18,701,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, as set out in Note 14;

(vi) certain non-current assets held for distribution to owners with aggregate net carrying amounts of approximately RM6,455,000 at 31 December 2020 as set out in Note 13(b);

(vii) certain right-of-use assets with aggregate net carrying amounts of approximately RM4,669,000, RM4,558,000, RM4,404,000 and RM4,367,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, as set out in Note 15; and/or

(viii) pledged bank deposits with carrying amounts of approximately RM15,674,000, RM12,844,000, RM13,430,000 and RM13,419,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, as set out in Note 19.

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 31 December 2019, 2020 and 2021 and 30 April 2022, none of the covenants relating to drawn down facilities had been breached.

The guarantees and the pledged properties provided by the Ultimate Controlling Party and the related party are expected to be released and replaced by a corporate guarantee to be given by the Company upon the Initial Listing and the banks have provided their consent in this regard.

22. LEASE LIABILITIES

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Current portion	777	1,380	1,412	1,338
Non-current portion	1,178	2,431	1,980	1,574
	1,955	3,811	3,392	2,912

The Group has recognised the following amounts relating to short-term leases during the Track Record Period:

	Year ended 31 December			Four months ended 30 April	
	2019	**2020**	**2021**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Lease payments – Short-term leases	134	132	168	52	100

Commitments and present value of lease liabilities:

	Lease payments				Present value of lease payments			
	At 31 December			At 30 April	At 31 December			At 30 April
	2019	2020	2021	2022	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Amounts payable:								
Within one year	871	1,456	1,530	1,436	777	1,380	1,412	1,338
In the second to third years inclusive	1,261	2,593	2,086	1,653	1,178	2,431	1,980	1,574
	2,132	4,049	3,616	3,089	1,955	3,811	3,392	2,912
Less: future finance charges	(177)	(238)	(224)	(177)	–	–	–	–
Total lease liabilities	1,955	3,811	3,392	2,912	1,955	3,811	3,392	2,912

The total cash outflows for leases for the Track Record Period were approximately RM1,254,000, RM991,000, RM1,864,000, RM565,000 and RM627,000, respectively.

The lease liabilities are secured by certain right-of-use assets with aggregate net carrying amount of approximately RM1,982,000, RM2,164,000, RM2,351,000 and RM2,099,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively, as set out in Note 15.

At 31 December 2019, 2020 and 2021 and 30 April 2022, the weighted average effective interest rates of the lease liabilities of the Group were 6.22%, 5.48%, 4.69% and 4.96% per annum, respectively.

23. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the combined financial statements, the following is the analysis of the deferred taxation:

	At 31 December			At 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
Deferred tax assets	354	1,053	1,774	2,219
Deferred tax liabilities	(456)	(531)	(592)	(365)
	(102)	522	1,182	1,854

The movements in the Group's deferred tax assets (liabilities) were as follows:

	Provision for impairment allowances for trade and other receivables	Marketing Incentive/ accrued revenue and costs	Accelerated tax depreciation	Total
	RM'000	*RM'000*	*RM'000*	*RM'000*
At 1 January 2019	585	177	(704)	58
Income tax expense	(56)	(9)	(95)	(160)
At 31 December 2019	529	168	(799)	(102)
At 1 January 2020	529	168	(799)	(102)
Income tax credit (expense)	1	1,095	(472)	624
At 31 December 2020	530	1,263	(1,271)	522
At 1 January 2021	530	1,263	(1,271)	522
Income tax credit	111	424	125	660
At 31 December 2021	641	1,687	(1,146)	1,182
At 1 January 2022	641	1,687	(1,146)	1,182
Income tax credit	208	335	129	672
At 30 April 2022	849	2,022	(1,017)	1,854

24. SHARE CAPITAL AND THE FINANCIAL INFORMATION OF THE COMPANY

24(a) Share capital

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 February 2019. Upon its incorporation, the authorised share capital of HK$380,000 was divided into 38,000,000 ordinary shares at HK$0.01 each and 200 ordinary shares were issued.

Pursuant to the Reorganisation completed on 21 January 2021, the Company became the holding company of the entities now comprising the Group. Further details of the change in authorised and issued capital of the Company since its incorporation are set out in the paragraph headed "Reorganisation" of the section headed "History, Development and Reorganisation" of the Prospectus.

Save as disclosed above, the Company has not commenced any significant business or operation since its incorporation.

24(b) Investment in a subsidiary

Investment in a subsidiary represents 100% of the issued share capital of SCC Holdings.

24(c) Amount due to the immediate holding company

The amount due to the immediate holding company is non-trade in nature, unsecured, interest-free and repayable on demand and will be fully settled prior to the Initial Listing.

24(d) Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

24(e) Reserves of the Company

	Translation reserve *RM'000*	Accumulated losses *RM'000*	Total *RM'000*
At 14 February 2019 (date of incorporation), 31 December 2019 and 1 January 2020	–	–	–
Loss for the year	–	(3,149)	(3,149)
Other comprehensive income			
Exchange difference on translation	133	–	133
At 31 December 2020 and 1 January 2021	133	(3,149)	(3,016)
Loss for the year	–	(5,082)	(5,082)
Other comprehensive loss			
Exchange difference on translation	(81)	–	(81)
At 31 December 2021 and 1 January 2022	52	(8,231)	(8,179)
Loss for the period	–	(1,636)	(1,636)
Other comprehensive loss			
Exchange difference on translation	(25)	–	(25)
At 30 April 2022	27	(9,867)	(9,840)

During the years ended 31 December 2020 and 2021 and the four months ended 30 April 2022, certain corporate administrative costs of the Company and the expenses for the Initial Listing were borne by the subsidiaries of the Company without recharge.

25. RESERVES

25(a) Capital reserve

The capital reserve represents the aggregate amount of the nominal value of the issued/paid-up capital of the entities now comprising the Group less consideration paid to acquire the relevant interests (if any).

25(b) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for combination/consolidation.

26. RELATED PARTY TRANSACTIONS

During the Track Record Period, the Group had the following significant related party transactions.

(a) Related party transactions of the Group:

	Note	Year ended 31 December 2019 RM'000	Year ended 31 December 2020 RM'000	Year ended 31 December 2021 RM'000	Four months ended 30 April 2021 RM'000	Four months ended 30 April 2022 RM'000
Revenue arising from distribution and sales of F&B						
Just Relax Restaurant	*18(a)(iii)*	205	229	243	89	102
Tropicana Food Garden	*18(a)(vii)*	58	–	–	–	–
The Eight Th	*18(a)(vi)*	68	13	30	20	22
Alfa Indah (Beserah)	*18(a)(i)*	731	1,026	1,145	298	444
Alfa Indah (Jaya Gading)	*18(a)(ii)*	878	844	800	214	278
Megamart	*18(a)(iv)*	6,697	6,833	6,346	2,287	2,686
JR Grill & Bistro	*18(a)(iii)*	–	40	16	13	–
Pak Su Seafood	*18(a)(v)*	108	96	48	16	35
Owl Cafe	*18(a)(iii)*	77	127	87	29	43
Mega Jaya Seafood	*18(a)(viii)*	–	112	51	47	–
Purchase of F&B						
Just Relax Restaurant	*18(a)(iii)*	(199)	(172)	–	–	–
The Nine Th*		(66)	(78)	–	–	–
Owl Cafe	*18(a)(iii)*	(140)	(4)	–	–	–
Mega Jaya Seafood	*18(a)(viii)*	–	(48)	–	–	–
Sales and marketing expenses						
Alfa Indah (Beserah)	*18(a)(i)*	(21)	(10)	(7)	–	(3)
Alfa Indah (Jaya Gading)	*18(a)(ii)*	(21)	(8)	(7)	–	(3)
Megamart	*18(a)(iv)*	(34)	(37)	(50)	(12)	(9)
Just Relax Restaurant	*18(a)(iii)*	–	–	(5)	–	–

* At 31 December 2019, 2020 and 2021 and 30 April 2022, CA Soon and Ms. KW Ng were the partners of The Nine Th.

(b) Remuneration for key management personnel (including directors) of the Group:

	Year ended 31 December 2019 RM'000	Year ended 31 December 2020 RM'000	Year ended 31 December 2021 RM'000	Four months ended 30 April 2021 RM'000	Four months ended 30 April 2022 RM'000
Salaries, allowances, discretionary bonus, and other benefits in kind	2,154	2,204	2,156	719	846
Contributions to defined contribution plans	380	396	470	133	150
	2,534	2,600	2,626	852	996

Further details of the directors' remuneration are set out in Note 8.

27. ADDITIONAL INFORMATION ON THE COMBINED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

The Group had the following major non-cash transactions:

During the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2021 and 2022, the Group entered into lease arrangements in respect of right-of-use assets with total capital value at the inception of leases of approximately RM507,000, RM2,644,000, RM1,114,000, RM70,000 and nil, respectively.

During the year ended 31 December 2020, dividend of approximately RM2,850,000 was settled through the current account with the Ultimate Controlling Party included in other payables.

During the year ended 31 December 2021 and the four months ended 30 April 2021, dividend of approximately RM10,017,000 was settled through distribution of investment properties and property, plant and equipment included in non-current assets held for distribution to owners.

(b) Reconciliation of liabilities arising from financing activities

The movements during the Track Record Period in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2019	Net cash inflow (outflow)	Non-cash changes: Declaration of dividends	Settlement via offsetting	Addition of right-of-use assets	Lease termination	Derecognised on disposal of a subsidiary	Settlement via distribution	At 31 December 2019
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 December 2019									
Interest-bearing borrowings	40,441	8,618	–	–	–	–	–	–	49,059
Lease liabilities	2,550	(984)	–	–	507	(118)	–	–	1,955
Due to the Ultimate Controlling Party	7,508	(4,062)	–	–	–	–	–	–	3,446
Due to related parties, net	53	(50)	–	–	–	–	–	–	3
Dividend payables	–	(150)	13,500	–	–	–	–	–	13,350
Total liabilities from financing activities	50,552	3,372	13,500	–	507	(118)	–	–	67,813

	At 1 January 2020	Net cash inflow (outflow)	Non-cash changes: Declaration of dividends	Settlement via offsetting	Addition of right-of-use assets	Lease termination	Derecognised on disposal of a subsidiary	Settlement via distribution	At 31 December 2020
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 December 2020									
Interest-bearing borrowings	49,059	(10,010)	–	–	–	–	(840)	–	38,209
Lease liabilities	1,955	(718)	–	–	2,644	(6)	(64)	–	3,811
Due to the Ultimate Controlling Party	3,446	(1,639)	–	2,850	–	–	–	–	4,657
Due to related parties, net	3	1,684	–	–	–	–	–	–	1,687
Dividend payables	13,350	(10,500)	20,517	(2,850)	–	–	–	–	20,517
Total liabilities from financing activities	67,813	(21,183)	20,517	–	2,644	(6)	(904)	–	68,881

			Non-cash changes						
	At 1 January 2021	Net cash inflow (outflow)	Declaration of dividends	Settlement via offsetting	Addition of right-of-use assets	Lease termination	Derecognised on disposal of a subsidiary	Settlement via distribution	At 31 December 2021
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Year ended 31 December 2021									
Interest-bearing borrowings	38,209	3,106	–	–	–	–	–	–	41,315
Lease liabilities	3,811	(1,533)	–	–	1,114	–	–	–	3,392
Due to the Ultimate Controlling Party	4,657	(2,227)	–	–	–	–	–	–	2,430
Due to related parties, net	1,687	(1,687)	–	–	–	–	–	–	–
Dividend payables	20,517	(10,500)	–	–	–	–	–	(10,017)	–
Total liabilities from financing activities	68,881	(12,841)	–	–	1,114	–	–	(10,017)	47,137

			Non-cash changes						
	At 1 January 2021	Net cash inflow (outflow)	Declaration of dividends	Settlement via offsetting	Addition of right-of-use assets	Lease termination	Derecognised on disposal of a subsidiary	Settlement via distribution	At 30 April 2021
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Four months ended 30 April 2021									
Interest-bearing borrowings	38,209	5,084	–	–	–	–	–	–	43,293
Lease liabilities	3,811	(457)	–	–	70	–	–	–	3,424
Due to the Ultimate Controlling Party	4,657	248	–	–	–	–	–	–	4,905
Due to related parties, net	1,687	(1,687)	–	–	–	–	–	–	–
Dividend payables	20,517	(10,500)	–	–	–	–	–	(10,017)	–
Total liabilities from financing activities	68,881	(7,312)	–	–	70	–	–	(10,017)	51,622

	At 1 January 2022	Net cash inflow (outflow)	Non-cash changes: Declaration of dividends	Settlement via offsetting	Addition of right-of-use assets	Lease termination	Derecognised on disposal of a subsidiary	Settlement via distribution	At 30 April 2022
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Four months ended 30 April 2022									
Interest-bearing borrowings	41,315	13,211	–	–	–	–	–	–	54,526
Lease liabilities	3,392	(480)	–	–	–	–	–	–	2,912
Due to the Ultimate Controlling Party	2,430	(2,078)	–	–	–	–	–	–	352
Total liabilities from financing activities	47,137	10,653	–	–	–	–	–	–	57,790

28. DISPOSAL OF SUBSIDIARIES

On 31 December 2020, the Group disposed of its 100% equity interests in (i) EC Maju Frozen to an independent third party at a cash consideration of RM400,000 and (ii) NSB Marketing to SB Soon at a cash consideration of RM100 (collectively the "Disposal"). The net assets of the EC Maju Frozen and NSB Marketing at the date of the Disposal were as follows:

(a) Disposal of EC Maju Frozen

	RM'000
Investment properties	1,042
Property, plant and equipment	9
Right-of-use assets	60
Inventories	346
Trade and other receivables	200
Cash and cash equivalents	339
Income tax recoverable	54
Trade and other payables	(615)
Interest-bearing borrowings	(840)
Lease liabilities	(64)
Deferred tax liabilities	(1)
Net assets	530
Loss on disposal of a subsidiary recognised in profit or loss	(130)
Total consideration *(Note 18)*	400
Net cash flow arising on disposal:	
Cash and cash equivalents disposed of	(339)

(b) Disposal of NSB Marketing

	RM'000
Other receivable	1,687
Cash and cash equivalents	18
Income tax recoverable	23
Other payables	(2)
Net assets	1,726
Loss on disposal of a subsidiary recognised in equity	(1,726)
Total cash consideration	–*
Net cash flow arising on disposal:	
Cash consideration	–*
Cash and cash equivalents disposed of	(18)
	(18)

* Represent amount less than RM1,000.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of financial assets at FVPL, pledged bank deposits, bank balances and cash, bank overdrafts, interest-bearing borrowings, lease liabilities and dividend payables. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are price risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on the Group's risk management and limits the Group's exposure to these risks to a minimum. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below. The Group also monitors the market price risk arising from all financial instruments.

Price risk

The Group is exposed to price risk arising from unlisted investments in money market funds classified as financial assets measured at FVPL which their fair value will fluctuate.

At 31 December 2019, 2020 and 2021 and 30 April 2022, if the fair value of the investments has been 1% higher/lower with all other variables held constant, the Group's pre-tax results would increase/decrease by nil, approximately RM60,000, RM2,000 and RM800 for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, respectively.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the fair value of the unlisted investments in money market funds had occurred at 31 December 2019, 2020 and 2021 and 30 April 2022 and had been applied to the exposure to price risk in existence at that date. The stated changes represent the management's assessment of reasonably possible changes in the fair value of the unlisted investment in money market funds over the next 12 months after the year/period end 31 December 2019, 2020 and 2021 and 30 April 2022.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the price risk because the exposure at 31 December 2019, 2020 and 2021 and 30 April 2022 does not reflect the exposure for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's bank overdrafts and interest-bearing borrowings with floating interest rates of approximately RM26,803,000, RM24,111,000, RM17,230,000 and RM16,492,000 at 31 December 2019, 2020 and 2021 and 30 April 2022, respectively. The Group currently does not have a policy to hedge against the interest rate risk as the management of the Group does not expect any significant interest rate risk at 31 December 2019, 2020 and 2021 and 30 April 2022.

At 31 December 2019, 2020 and 2021 and 30 April 2022, if interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax results would decrease/increase by approximately RM268,000, RM241,000, RM172,000 and RM55,000 for the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, respectively.

The sensitivity analysis above has been determined assuming that the changes in interest rate had occurred throughout the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022 and had been applied to the exposure to interest rate risk for the closing balances of bank overdrafts and interest-bearing borrowings in existence at 31 December 2019, 2020 and 2021 and 30 April 2022. The stated changes represent management's assessment of a reasonably possible change in interest rates over the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent interest rate risk because the exposure at 31 December 2019, 2020 and 2021 and 30 April 2022 does not reflect the exposure during the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

In addition, the Group's financial liabilities measured at amortised cost are considered not to expose to fair value interest rate risk at 31 December 2019, 2020 and 2021 and 30 April 2022.

Foreign currency risk

The Group's transactions are mainly denominated in RM.

Certain financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial liabilities are analysed as follows:

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Australian Dollars ("AU$")	305	2,089	2,757	826

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of AU$ had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at 31 December 2019, 2020 and 2021 and 30 April 2022.

	At 31 December			At 30 April
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
AU$	(31)	(209)	(276)	(83)

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at 31 December 2019, 2020 and 2021 and 30 April 2022 and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period.

In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at 31 December 2019, 2020 and 2021 and 30 April 2022 does not reflect the exposure during the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022.

Credit risk

The carrying amount of financial assets recognised on the Historical Financial Information, which is net of loss allowances, represents the Group's exposure to credit risk on these financial assets without taking into account the credit enhancements.

		At 31 December		**At 30 April**
	2019	**2020**	**2021**	**2022**
	RM'000	*RM'000*	*RM'000*	*RM'000*
Trade and other receivables	70,814	72,989	94,560	119,218
Pledged bank deposits	15,674	12,844	13,430	13,419
Bank balances and cash	11,883	13,012	4,480	8,339
	98,371	98,845	112,470	140,976

Trade receivables

The Group trades only with recognised, creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 90 days.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and region in which customers operate also has an influence on credit risk but to a lesser extent. Credit quality of a customer is assessed based on an extensive credit rating and individual credit limit assessment which is mainly based on the Group's own trading records.

At 31 December 2019, 2020 and 2021 and 30 April 2022, the Group had a concentration of credit risk as approximately 8%, 7%, 7% and 10% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 29%, 27%, 29% and 28% of the total trade receivables was due from the Group's five largest trade debtors, respectively.

The Group's customer base consists of a wide range of customers and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises loss allowances based on lifetime ECL at the end of each reporting period and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience over the past periods and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised as follows:

At 31 December 2019

	Expected credit loss rate (approximately)	Gross carrying amount	Loss allowance	Net carrying amount	Credit-impaired
	%	*RM'000*	*RM'000*	*RM'000*	
Not yet due	–	37,961	–	37,961	No
1 to 30 days past due	4	23,409	(875)	22,534	No
31 to 60 days past due	5	6,453	(323)	6,130	No
61 to 90 days past due	20	1,868	(374)	1,494	No
Over 90 days past due	100	634	(634)	–	Yes
		70,325	(2,206)	68,119	

At 31 December 2020

	Expected credit loss rate (approximately)	Gross carrying amount	Loss allowance	Net carrying amount	Credit-impaired
	%	*RM'000*	*RM'000*	*RM'000*	
Not yet due	–	42,411	–	42,411	No
1 to 30 days past due	6	21,954	(1,271)	20,683	No
31 to 60 days past due	5	4,422	(221)	4,201	No
61 to 90 days past due	20	658	(132)	526	No
Over 90 days past due	100	587	(587)	–	Yes
		70,032	(2,211)	67,821	

At 31 December 2021

	Expected credit loss rate (approximately)	Gross carrying amount	Loss allowance	Net carrying amount	Credit-impaired
	%	*RM'000*	*RM'000*	*RM'000*	
Not yet due	–	53,280	–	53,280	No
1 to 30 days past due	6	30,249	(1,815)	28,434	No
31 to 60 days past due	7	5,926	(415)	5,511	No
61 to 90 days past due	20	1,096	(219)	877	No
Over 90 days past due	100	224	(224)	–	Yes
		90,775	(2,673)	88,102	

At 30 April 2022

	Expected credit loss rate (approximately)	Gross carrying amount	Loss allowance	Net carrying amount	Credit-impaired
	%	*RM'000*	*RM'000*	*RM'000*	
Not yet due	–	69,130	–	69,130	No
1 to 30 days past due	6	37,289	(2,238)	35,051	No
31 to 60 days past due	7	6,281	(440)	5,841	No
61 to 90 days past due	20	1,494	(298)	1,196	No
Over 90 days past due	100	564	(564)	–	Yes
		114,758	(3,540)	111,218	

The Group does not hold any collateral over trade receivables at 31 December 2019, 2020 and 2021 and 30 April 2022.

At 31 December 2019, 2020 and 2021 and 30 April 2022, the Group recognised the loss allowance of approximately RM2,206,000, RM2,211,000, RM2,673,000 and RM3,540,000 on trade receivables, respectively. The movement in the loss allowance for trade receivables is summarised below.

	Year ended 31 December			Four months ended 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
At the beginning of the reporting period	2,440	2,206	2,211	2,673
Increase in allowance	5	5	718	867
Reversal of allowance	–	–	(256)	–
Amount written off	(239)	–	–	–
At the end of the reporting period	2,206	2,211	2,673	3,540

For the years ended 31 December 2019, 2020 and 2021 and the four months ended 30 April 2022, amounts written off under provision for loss allowance of trade receivables of approximately RM239,000, nil, nil and nil, respectively, and bad debts written off directly to profit or loss of approximately RM54,000, RM249,000, RM331,000, and RM156,000, respectively, are still subject to enforcement activity.

The following significant changes in the gross carrying amounts of trade receivables contributed to the increase in the loss allowance:

(a) changes because of financial instruments originated, acquired and derecognised (including those that were written-off) during the period; and

(b) modification of contractual cash flows on trade receivables that do not result in the derecognition of those trade receivables.

Other financial assets carried at amortised costs

The Group's other financial assets carried at amortised costs include pledged bank deposits, bank balances and cash and other receivables in the combined statements of financial position.

The majority of the Group's pledged bank deposits and bank balances are deposited in major financial institutions located in the Malaysia, which are of high credit rating. The management of the Group does not expect any losses arising from non-performance by these counterparties.

The management of the Group considers that the other receivables have low credit risk based on the borrowers' strong capacity to meet its contractual cash flow obligations in the near term and low risk of default. Loss allowances on other receivables is measured on 12-month ECL and reflects the short maturities of the exposures.

In estimating the ECL, the management of the Group has taken into account the historical actual credit loss experience over the past years and the financial position of the counterparties, past collection history, current creditworthiness, adjusted for forward-looking factors that are specific to the counterparties and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The management of the Group considers the ECL of other receivables to be negligible after taking into account the financial position, credit quality and past settlement records of the counterparties.

There was no change in the estimation techniques or significant assumptions made during the Track Record Period.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities, based on the contractual undiscounted payments, is summarised below:

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 31 December 2019						
Trade and other payables	34,553	34,553	34,553	–	–	–
Bank overdrafts	255	255	255	–	–	–
Interest-bearing borrowings	49,059	56,006	27,271	2,920	11,432	14,383
Lease liabilities	1,955	2,132	871	1,261	–	–
Dividend payables	10,500	10,500	10,500	–	–	–
	96,322	103,446	73,450	4,181	11,432	14,383
At 31 December 2020						
Trade and other payables	46,616	46,616	46,616	–	–	–
Interest-bearing borrowings	38,209	43,529	21,939	2,670	9,585	9,335
Lease liabilities	3,811	4,049	1,456	2,593	–	–
Dividend payables	10,500	10,500	10,500	–	–	–
	99,136	104,694	80,511	5,263	9,585	9,335
At 31 December 2021						
Trade and other payables	48,745	48,745	48,745	–	–	–
Bank overdrafts	110	110	110	–	–	–
Interest-bearing borrowings	41,315	45,896	26,783	2,579	8,364	8,170
Lease liabilities	3,392	3,616	1,530	2,086	–	–
	93,562	98,367	77,168	4,665	8,364	8,170

	Total carrying amount	Total contractual undiscounted cash flow	On demand or less than 1 year	1 to 2 years	2 to 5 years	Over 5 years
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
At 30 April 2022						
Trade and other payables	58,691	58,691	58,691	–	–	–
Interest-bearing borrowings	54,526	58,892	40,539	2,524	7,831	7,998
Lease liabilities	2,912	3,089	1,436	1,653	–	–
	116,129	120,672	100,666	4,177	7,831	7,998

30. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in the Historical Financial Information on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 (lowest level): unobservable inputs for the asset or liability.

(a) Assets measured at fair value

	Level 2		
	At 31 December		At 30 April
	2020	2021	2022
	RM'000	*RM'000*	*RM'000*
Financial assets at FVPL			
– Money market funds, unlisted *(Note 16)*	5,954	233	234

During the years ended 31 December 2020 and 2021 and the four months ended 30 April 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The details of the measurement basis and movements of the financial assets at FVPL are set out in Note 16.

The Group reviews estimation of fair values of the unlisted investments in money market funds which are categorised into Level 2 of the fair value hierarchy. Reports with estimation of the fair values are prepared by the banks on a monthly basis.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair values at the end of each reporting period.

Information about the Group's fair values of investment properties/non-current assets held for distribution to owners under Level 3 of the three-level fair value hierarchy as defined under IFRS 13 is set out in Note 13.

31. COMMITMENTS

(a) Capital Expenditure Commitments

	At 31 December			At 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
Contracted but not provided net of deposits paid for acquisition of property, plant and equipment	–	1,271	1,023	10,473

On 16 March 2022, the Group entered into a sales and purchase agreement (the "S&P Agreement") with an independent third party, pursuant to which, the Group agreed to purchase a factory located in Terengganu, Malaysia, at a consideration of RM10,500,000. In January 2022, the Group has paid 10% of the total consideration which is refundable subject to certain terms and conditions set out in the S&P Agreement. The remaining consideration is expected to be settled within 3 months upon the completion date of the S&P Agreement.

(b) Commitments under leases

The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	At 31 December			At 30 April
	2019	2020	2021	2022
	RM'000	*RM'000*	*RM'000*	*RM'000*
Within one year	454	9	18	31
More than one year but less than two years	336	4	18	12
More than two years but less than three years	29	–	–	–
	819	13	36	43

32. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Track Record Period.

33. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 30 April 2022, the Group has the following subsequent events:

(i) Pursuant to the resolution of the Company's sole shareholder passed on 14 July 2022, inter-alia, the authorised share capital of the Company was increased from HK$380,000 to HK$15,000,000 by the creation of an additional 1,462,000,000 shares of HK$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

(ii) Pursuant to the resolution in writing of the Company's sole shareholder passed on 14 July 2022, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 722,999,800 shares of HK$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$7,229,998 standing to be credit of the share premium account of the Company (the "Capitalisation Issue") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue).

(iii) The relevant government authorities have imposed certain measures in response to the outbreak of COVID-19. At the date of this report, the Group does not expect those events or measures have any significant adverse impacts to the financial position at 30 April 2022 and the application of going concern basis for the preparation of the Historical Financial Information.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with IFRSs and/or other applicable financial reporting standards for the Company or any of its subsidiaries in respect of any period subsequent to 30 April 2022.

The information set forth in this appendix does not form part of the Accountants' Report prepared by Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, the joint reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted net tangible assets of the Group is prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to owners of the Company at 30 April 2022 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted combined net tangible assets of the Group have been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company at 30 April 2022 or at any future dates following the Global Offering. It is prepared based on the audited combined net tangible assets of the Group attributable to equity owners of the Company at 30 April 2022 as set out in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below. The unaudited pro forma adjusted combined net tangible assets do not form part of the Accountants' Report as set out in Appendix I to this Prospectus.

	Audited combined net tangible assets attributable to owners of the Company at 30 April 2022		Estimated net proceeds from the Global Offering		Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company		Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company per Share	
	(Note 1)	*(Note 5)*	*(Note 5)*	*(Note 2)*			*(Note 5)*	*(Note 3)*
	RM'000	*HK$'000*	*RM'000*	*HK$'000*	*RM'000*	*HK$'000*	*RM*	*HK$*
Based on the Offer Price of HK$0.52 per Offer Share	122,053	234,717	52,305	100,587	174,358	335,304	0.18	0.35
Based on the Offer Price of HK$0.56 per Offer Share	122,053	234,717	56,817	109,263	178,870	343,980	0.19	0.36

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

1. The audited combined net tangible assets of the Group attributable to owners of the Company at 30 April 2022 is based on the audited combined net assets attributable to owners of the Company at 30 April 2022 of approximately RM122,053,000, extracted from the Group's combined financial information included in the Accountants' Report as set out in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on 241,000,000 new Shares and the indicative Offer Price of HK$0.52 and HK$0.56 per Offer Share, respectively, after deduction of relevant estimated underwriting commissions and fees and other related payable by the Company excluding approximately RM9,820,000 (equivalent to approximately HK$18,885,000) listing-related expenses which has been accounted for prior to 30 April 2022. The estimated net proceeds have not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.

3. The calculation of the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is based on 964,000,000 Shares expected to be in issue after the completion of the Capitalisation Issue and the Global Offering. It has not taken into account any Shares which may be allotted and issued upon exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates given to the Directors.

4. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 April 2022.

5. These amounts are converted from Malaysian Ringgit to Hong Kong dollars or Hong Kong dollars to Malaysian Ringgit at an exchange rate of RM0.52 to HK$1.00. No representation is made that Malaysian Ringgit/Hong Kong dollars amount have been, could have been or may be converted to Hong Kong dollars/Malaysian Ringgit at that rate or at all.

The following is the text of a report received from the independent joint reporting accountants of the Company, Mazars CPA Limited, Certified Public Accountants, Hong Kong, and Mazars LLP, Public Accountants and Chartered Accountants of Singapore, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

B. ASSURANCE REPORT FROM THE INDEPENDENT JOINT REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS OF THE GROUP

mazars 中审众环 mazars

8 August 2022

The Board of Directors
Swang Chai Chuan Limited
Sunny Fortune Capital Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Swang Chai Chuan Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") prepared by the directors of the Company (the "Directors"). The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets attributable to the owners of the Company at 30 April 2022 and related notes as set out on pages II-1 and II-2 of Appendix II to the prospectus issued in connection with the initial listing of the Company's shares in the Main Board of The Stock Exchange of Hong Kong Limited dated 8 August 2022 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's combined financial position at 30 April 2022 as if the Global Offering had taken place on 30 April 2022. As part of this process, information about the Group's financial position at 30 April 2022 has been extracted by the Directors from the Group's combined historical financial information included in the Accountants' Report as set out in Appendix I to the Prospectus.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply Hong Kong Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29 (7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We did not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the date of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 events or transactions at 30 April 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Mazars CPA Limited
Certified Public Accountants, Hong Kong
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18 Harbour Road, Wanchai
Hong Kong

Mazars LLP
Public Accountants and
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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019 under the Companies Act. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 14 July 2022 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Companies Act and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the members before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by an ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resigns;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Act, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board goes beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Financial assistance to purchase Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a holding company of the Company.

(ix) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefit received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefit scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(x) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of the Company or at any meeting of any class of members of the Company or creditors' meeting provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands and the right to speak.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each financial year other than the financial year of the Company's adoption of the Articles.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vii) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(viii) Right to Speak

All members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Act (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The members may by an ordinary resolution appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members in general meeting by an ordinary resolution or in such manner as the members may determine.

The members may, at a general meeting remove the auditor(s) by an ordinary resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by an ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 14 February 2019 subject to the Companies Act. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Companies Act;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking for the Company is for a period of 20 years from 18 February 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Act, is available on display as referred to in the paragraph headed "Documents Available on Display." in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 14 February 2019. Our Company has established a principal place of business in Hong Kong at Units 2201-3, 22/F, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 3 February 2021. In connection with such registration, Mr. Lam Kwun Leung have been appointed as authorised representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Companies Act and its constitution documents comprise the Memorandum of Association and the Articles of Association. A summary of various parts of the constitution documents and relevant aspects of the Companies Act is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

(a) As at the date of incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of par value HK$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber on the same date. The subscriber transferred one subscriber Share at par to Soon Holdings. On the same day, our Company allotted and issued as fully paid 99 Shares to Soon Holdings at par.

(b) On 21 January 2021, pursuant to the Reorganisation Agreement, our Company acquired the entire issued share capital of SCC Holdings, in consideration of which, our company allotted and issued 100 Shares to Soon Holdings.

(c) Pursuant to the written resolution of the sole Shareholder passed on 14 July 2022, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 ordinary shares of par value HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 ordinary shares of par value of HK$0.01 each, by creation of a further 1,462,000,000 Shares. Such Shares shall rank *pari passu* in all respects.

(d) Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), 964,000,000 Shares will be allotted and issued, all fully paid or credited as fully paid, and 536,000,000 Shares will remain unissued. Other than any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may fall to be granted under the Share

Option Scheme, or the exercise of the general mandate referred to in "A. Further information about our Company – 3. Written resolutions of our Sole Shareholder" in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

(e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our Sole Shareholder

Pursuant to the written resolutions of our Sole Shareholder passed on 14 July 2022, among other things:

(a) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 ordinary shares of HK$0.01 each by the creation of an additional 1,462,000,000 ordinary shares of HK$0.01 each. Such Shares shall rank *pari passu* in all aspects;

(b) conditional on the conditions as set out in the section headed "Structure and Conditions of the Global Offering – Conditions of the Global Offering" ("**Conditions**") of this prospectus being fulfilled or waived (if applicable):

(i) the Global Offering and the Over-allotment Option were approved and our Directors or any committee of the Board were authorised to (aa) allot and issue the Offer Shares and Shares issued pursuant to the exercise of the Over-allotment Option to rank *pari passu* with the then existing Shares in all respects; (bb) implement the Global Offering and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) conditional on the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 722,999,800 Shares credited as fully paid to the holder(s) of Shares on the register of members of our Company at the close of business on 18 August 2022 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK$7,229,998 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue), and our Directors were authorised to give effect to such capitalisation and distribution;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in "D. Share Option Scheme" in this Appendix, were approved and adopted and our Directors or any committee of the Board were authorised, subject to the terms and conditions of the Share Option Scheme, to implement the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;

(iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or the exercise of the Over-allotment Option or pursuant to the exercise of any options that may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, such number of Shares not exceeding (1) 20% of the aggregate number of our issued Shares immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and (2) the aggregated number of our issued Shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

(3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

(v) a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate number of issued shares of our Company in issue immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held be the Articles of Association or any other applicable laws of the Cayman Islands;

(3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering excluding any Shares which may be issued upon exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; and

(vii) our Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix III to this prospectus, with effect upon the Listing.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the paragraphs headed "History, Development and Reorganisation – Reorganisation" of this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group's structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Global Offering (assuming that no Share has been issued pursuant to the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme) are set out in the paragraphs headed "History, Development and Reorganisation – Reorganisation" of this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the paragraphs headed "History, Development and Reorganisation – Establishment and development of the subsidiaries of our Company", there was no change in the share capital of the major subsidiaries of our Company during the three years preceding the date of this prospectus.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the sole Shareholder on 14 July 2022, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraphs headed "A. Further information about our Company – 3. Written resolutions of our Sole Shareholder" in this Appendix.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Act, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles of Association and subject to the Companies Act, out of capital.

(iii) Core connected persons

Under the Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(iv) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(v) Status of repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under the laws of the Cayman Islands, unless, prior to the purchase the directors of the company resolve to hold the shares purchased by the company as treasury shares, shares purchased by the company shall be treated as cancelled and the amount of the company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of shares will not be taken as reducing the amount of the authorised share capital under the Cayman Islands law.

(vi) Suspension of repurchase

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vii) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly breakdown of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(b) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 964,000,000 Shares in issue immediately after Listing, (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), could accordingly result in up to 96,400,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles of Association and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Articles of Association and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the Reorganisation Agreement;

(b) the Deed of Indemnity;

(c) the Deed of Non-competition;

(d) the Hong Kong Underwriting Agreement;

(e) a cornerstone investment agreement dated 19 July 2022 made between our Company and Tee Kian Heng pursuant to which Tee Kian Heng has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot of 5,000 Shares) that may be purchased with HK$28,000,000 (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy);

(f) a cornerstone investment agreement dated 21 July 2022 made between our Company and Huihuang Resources Limited pursuant to which Huihuang Resources Limited has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot of 5,000 Shares) that may be purchased with HK$9,000,000 (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy);

(g) a cornerstone investment agreement dated 21 July 2022 made between our Company and Ng Chong Keong pursuant to which Ng Chong Keong has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot of 5,000 Shares) that may be purchased with HK$5,000,000 (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy); and

(h) a cornerstone investment agreement dated 19 July 2022 made between our Company and Pek Kok Sam pursuant to which Pek Kok Sam has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest board lot of 5,000 Shares) that may be purchased with HK$5,000,000 (exclusive of brokerage, SFC transaction levy, Stock Exchange trading fee and FRC transaction levy).

2. Intellectual property rights of our Company

(a) Trademark

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks, which we believe are material to our business:

Trademark	Place of registration	Registration number	Registrant	Class	Expiry date
CED	Malaysia	08021774	SCCM	29	31 October 2028
CED	Malaysia	08021775	SCCM	30	31 October 2028
CED CED	Malaysia	TM2019030956	SCCM	29	21 August 2029
CED CED	Malaysia	TM2019030959	SCCM	30	21 August 2029
MEGA	Malaysia	08021776	SCCM	29	31 October 2028
SCC	Malaysia	2012060375	SCCM	29	27 December 2022 (application for renewal will be made)

Trademark	Place of registration	Registration number	Registrant	Class	Expiry date
SayangKu CAT FOOD	Malaysia	09005367	SCCM	31	2 April 2029
SNOWCAT	Malaysia	2018059150	SCCM	31	30 April 2028
za'ara	Malaysia	2013059190	SCCM	30	30 August 2023
Sayang KU	Malaysia	TM2021009675	SCCM	31	6 April 2031
SNOWCAT MAKANAN KUCING CAT FOOD	Malaysia	TM2021009677	SCCM	31	6 April 2031
Sayang KU	Malaysia	TM2021009676	SCCM	35	6 April 2031
SNOWCAT MAKANAN KUCING CAT FOOD	Malaysia	TM2021009678	SCCM	35	6 April 2031
	Malaysia	TM2021009694	SCCM	35	6 April 2031

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registrant	Date of registration	Expiry date
www.sccgroup.com.my	SCC Marketing (M) Sdn. Bhd.	4 June 2022	4 June 2023

Information contained in the above websites does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), the interests and short positions of our Directors and chief executive of our Company in the Shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
SB Soon *(Note)*	Interest in a controlled corporation	723,000,000 ordinary Shares	75%
CA Soon *(Note)*	Interest in a controlled corporation	723,000,000 ordinary Shares	75%
SL Soon *(Note)*	Interest in a controlled corporation	723,000,000 ordinary Shares	75%

(ii) Long position in the ordinary shares of associated corporations

Name of Directors	Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholding
SB Soon *(Note)*	Soon Holdings	Beneficial owner	seven ordinary shares	70%
CA Soon *(Note)*	Soon Holdings	Beneficial owner	one ordinary share	10%
SL Soon *(Note)*	Soon Holdings	Beneficial owner	one ordinary share	10%

Note:

Soon Holdings is the registered and beneficial owner holding 75% of the issued Shares of our Company. The issued share capital of Soon Holdings is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon. Pursuant to the Concert Parties Confirmatory Deed, the Soon Siblings are regarded as a group of Controlling Shareholders acting in concert. Immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, Soon Holdings will be the beneficial owner holding 75% shareholding interest in our Company and thus each of SB Soon, CA Soon, SL Soon and LS Soon will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Soon Holdings for the purpose of the SFO.

(b) Particulars of service contracts

Each of our executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party. Commencing from the Listing Date, each of our executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the Remuneration Committee.

In addition, each of our executive Directors may be entitled to, if so recommended by the Remuneration Committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the executive Director, provided that the relevant executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him. Commencing from the Listing Date, the total annual remuneration of our executive Directors are as follows:

Name	Amount *(RM)*
SB Soon	1,689,600
CA Soon	518,400
SL Soon	458,400

Each of our independent non-executive Directors, has entered into a letter of appointment with our Company for an initial term of service commencing from the Listing Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing. Commencing from the Listing Date, the annual remuneration payable to the independent non-executive Directors under each of the letters of appointment is as follows:

Name	**Amount** *(RM)*
Mr. Khoo Chee Siang	82,000
Mr. Ooi Guan Hoe	82,000
Mr. Tan Teow Choon	82,000
Mr. Ngai Wah Sang	82,000
Ms. Tiong Hui Ling	82,000

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of executive Directors are:

(i) the amount of remuneration payable to our executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;

(ii) non-cash benefits may be provided to our Directors under their remuneration package; and

(iii) our executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately RM2.5 million, RM2.6 million, RM2.6 million and RM1.0 million was paid to our Directors as remuneration by our Group for FY2019, FY2020, FY2021 and 4M2022, respectively.

An aggregate sum of approximately RM2.8 million is expected to be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 31 December 2022 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering and taking no account of any Shares which may be taken up under the Global Offering or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme, the following persons/entities (not being our Directors or chief executive of our Company) will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in Shares, underlying Shares and debentures

Name	Capacity	Number and class of securities	Approximate percentage of shareholding
Soon Holdings *(Note 1)*	Beneficial owner	723,000,000 ordinary Shares	75%
LS Soon *(Note 1)*	Interest in a controlled corporation	723,000,000 ordinary Shares	75%
ML Ng *(Note 2)*	Interest of spouse	723,000,000 ordinary Shares	75%
KW Ng *(Note 3)*	Interest of spouse	723,000,000 ordinary Shares	75%
LX Yang *(Note 4)*	Interest of spouse	723,000,000 ordinary Shares	75%
TH Lim *(Note 5)*	Interest of spouse	723,000,000 ordinary Shares	75%

Notes:

(1) Soon Holdings is the registered and beneficial owner holding 75% of the issued Shares of our Company after completion of the Capitalisation Issue and the Global Offering but taking no account of exercise of the Over-allotment Option or any Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme. Pursuant to the Concert Parties Confirmatory Deed, the Soon Siblings are regarded as a group of Controlling Shareholders acting in concert. The issued share capital of Soon Holdings is owned as to 70% by SB Soon and 10% by each of LS Soon, SL Soon and CA Soon. Soon Holdings will be the beneficial owner holding 75% shareholding interest in our Company and thus each of SB Soon, CA Soon, SL Soon and LS Soon will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Soon Holdings for the purpose of the SFO.

(2) ML Ng is the spouse of SB Soon. Accordingly, ML Ng is deemed to be interested in all the Shares held by SB Soon under the SFO.

(3) KW Ng is the spouse of CA Soon. Accordingly, KW Ng is deemed to be interested in all the Shares held by CA Soon under the SFO.

(4) LX Yang is the spouse of SL Soon. Accordingly, LX Yang is deemed to be interested in all the Shares held by SL Soon under the SFO.

(5) TH Lim is the spouse of LS Soon. Accordingly, TH Lim is deemed to be interested in all the Shares held by LS Soon under the SFO.

3. Related party transactions

Our Group entered into the related party transactions within the three years immediately preceding the date of this prospectus as mentioned in note 26 of the Accountants' Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this Appendix and the sections headed "Directors and Senior Management", "Substantial Shareholders", "Relationship with our Controlling Shareholders" and "Connected Transactions" in this prospectus:

(a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the Global Offering will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;

(b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Stock Exchange;

(c) none of our Directors nor the experts named in "E. Other information – 6. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the three years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) none of the experts named in "E. Other information – 6. Qualifications of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) none of our Directors, their close associate or any shareholders of the Company (which to the knowledge of our Directors owns more than 5% of the Company's issued capital) has any interest in our Group's five largest suppliers and five largest customers.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by all Shareholders on 14 July 2022.

For the purpose of this section, unless the context otherwise requires:

"Board"	means our board of Directors from time to time or a duly authorised committee thereof;
"Eligible Person"	means, among others, any full-time or part-time employee of our Company or any member of our Group, including any executive, non-executive directors and independent non-executive directors, advisers, consultants of our Company or any of our subsidiaries;
"Exercise Period"	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant but which shall not exceed ten years from the date of grant of such option;

"Option"	means a right to subscribe for Shares granted pursuant to the Share Option Scheme;
"Other Schemes"	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
"Participant"	means any Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant (being an individual, or the legal representative of such person);
"Shareholders"	means shareholders of our Company from time to time;
"Subsidiary"	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of our Company, whether incorporated in Hong Kong or elsewhere; and
"Trading Day"	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables our Company to grant Options to Eligible Persons as incentives or rewards for their contributions to our Group.

(b) Who may join

Our Board may, at its discretion, make an offer to any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five Trading Days from the date on which the Option is granted.

(c) Grant an Option

Any grant of Options must not be made after inside information has come to the knowledge of our Company or a price sensitive matter has been the subject of a decision, until such price sensitive matter has been announced pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Board may not grant any Option to an Eligible Person during the periods or times in which the Directors are prohibited from dealing in shares pursuant to the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, our Board may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "Scheme Mandate Limit") provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 964,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 96,400,000 Shares, representing 10% of the Shares in issue as at the Listing Date.

(ii) Subject to the approval of Shareholders in general meeting, our Company may renew the Scheme Mandate Limit to the extent that the maximum number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), our Company shall send a circular to our Shareholders containing the information required by the Listing Rules.

(iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Persons specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing a generic description of the identified Eligible Persons, the number and terms of the Options to be granted, the purpose of granting Options to the identified Eligible Persons, an explanation as to how the terms of such Options serve the intended purpose and such other information required by the Listing Rules.

(iv) Notwithstanding the foregoing, our Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.

(v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient but unissued share capital of the Company to meet subsisting requirements upon exercise of Options.

(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her legal personal representative(s) may exercise the Options up to the Participant's entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death, failing which such Options will lapse.

(i) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(j) Rights on take-over

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (or all such holders other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, "acting in concert" shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) Rights on a compromise or arrangement

(i) In the event of a notice is given by our Company to our Shareholders to convene a Shareholders' meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the Option either in full or in part and our Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.

(ii) In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two Trading Days prior to the proposed meeting) exercise the Option either in full or in part and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in (f), (h), (j) and (k);

(iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);

(v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this subparagraph shall be conclusive;

(vi) the happening of any of the following events, unless otherwise waived by our Board:

(1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or

(2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent; or

(3) there is unsatisfied judgment, order or award outstanding against the Participant or our Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or

(4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or

(5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or

(6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or

(vii) the date on which the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or

(viii) the date on which our Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria.

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Articles of Association as amended from time to time and will rank *pari passu* in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue. Any Share allotted upon the exercise of the Option shall not carry voting rights until the name of the Grantee has been entered into the register of members of the Company as the holder thereof.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options will be issued but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board, except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of our Shareholders in general meeting (with the Eligible Persons, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by our Shareholders under our Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature shall first be approved by the Stock Exchange, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Where Options are proposed to be granted to a Director, chief executive or substantial shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of our Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of Options must be approved by our Shareholders. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Person who is a substantial shareholder of our Company, an independent non-executive Director or their respective associates.

The circular must contain the following:

(i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Person, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and

(iii) all other information as required by the Listing Rules from time to time.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) of our Company set out in this paragraph (q) do not apply where the Eligible Person is only a proposed Director or proposed chief executive of our Company.

(r) Conditions of Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Share which may be issued pursuant to the exercise of Options.

Application has been made to the Stock Exchange for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) Present status of the Share Option Scheme

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the "**Indemnifiers**") has entered into the Deed of Indemnity (being the material contract referred to in "B. Further information about the business of our Group – 1. Summary of material contracts – (b) the Deed of Indemnity" in this Appendix) with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

(a) any tax (which includes estate duty) liabilities in whatever part of the world which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the Global Offering becomes unconditional (the "**Effective Date**"), save for any taxation the extent that:

(i) full provision has been made for such taxation in the audited accounts of our Group for the Track Record Period (the "**Accounts**") as set out in Appendix I to this prospectus and to the extent that such taxation is incurred or accrued since 1 May 2022 which arises in the ordinary course of business of our Group as described in the section headed "Business" in the Prospectus;

(ii) falling on any member of our Group on or after 1 May 2022, unless the liability for such taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) other than in the ordinary course of its business or in the ordinary course of acquiring or disposing of capital assets or pursuant to a legally binding commitment created before 1 May 2022;

(iii) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, or the Cayman Islands, or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; and

(iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(b) all claims, actions, demands, liabilities, damages, costs, expenses, penalties, fines and of whatever nature suffered or incurred by any of the subsidiary of our Group directly or indirectly as a result of or in connection with the non-compliance or alleged non-compliance by any subsidiary of our Group with any applicable laws, rules and regulations in Malaysia, Hong Kong or any jurisdictions in the course of its business occurred on or before the Listing Date and/or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by any the subsidiary of our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted or threatened against any the subsidiary of our Group and/or any act, non-performance, omission or otherwise of any the subsidiary of our Group accrued or arising on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands, the BVI, Malaysia or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

Neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group's results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the exercise of Over-allotment Option or any option which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US$4,300 and are payable by our Company.

5. Promoter

Our Company has no promoter.

6. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Sunny Fortune Capital Limited *(formerly known as TD King Capital Limited)*	A corporation licensed under SFO and permitted to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Appleby	Legal advisers to our Company as to Cayman Islands law
David Lai & Tan	Legal advisers to our Company as to Malaysian law
Frost & Sullivan International Limited	Industry consultant
Mazars CPA Limited; and Mazars LLP	Certified Public Accountants, Hong Kong; and Public Accountants and Chartered Accountants of Singapore

7. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this prospectus in the form and context in which it respectively appears.

8. Sponsor's fees

The Sole Sponsor will be paid by our Company a total fee of HK$5.2 million to act as sponsor to our Company in connection with the Listing.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

(a) Save as disclosed in this Appendix and the sections headed "History, Development and Reorganisation" and "Underwriting" of this prospectus, within the three years preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company.

(b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.

(d) Our Directors confirm that, up to the date of this prospectus, save as disclosed in "Summary – Recent developments and no material adverse change", there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2022 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 30 April 2022 which would materially affect the information as shown in the Accountants' Report.

(e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

(f) None of the persons named in the section headed "E. Other Information – 6. Qualifications of experts" in this Appendix:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system and no part of the shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of its shares or loan capital on any other stock exchange.

(h) Our Company has no outstanding convertible debt securities.

(i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(j) There are no arrangements under which future dividends are waived or agreed to be waived.

11. Bilingual prospectus

The English language and the Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **GREEN** Application Form, the written consents referred to in the paragraph headed "Statutory and General Information – E. Other information – 7. Consents of experts" in Appendix IV to this prospectus, copies of the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further information about the business of our Group – 1. Summary of material contracts" in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.sccgroup.com.my** up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;
2. the accountants' report prepared by Mazars CPA Limited and Mazars LLP, the text of which is set out in Appendix I to this prospectus;
3. the audited combined financial statements of our Group for the three years ended 31 December 2021 and four months ended 30 April 2022;
4. the report prepared by Mazars CPA Limited and Mazars LLP relating to the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this prospectus;
5. the letter of advice prepared by Appleby, the legal advisers to our Company as to Cayman Islands law, summarising certain aspects of Cayman Islands company law referred to in Appendix III to this prospectus;
6. the Companies Act;
7. the legal opinion prepared by the Malaysian Legal Advisers in respect of certain aspects of our Group;
8. the material contracts referred to in the paragraph headed "Statutory and General Information – B. Further information about the business of our Group – 1. Summary of material contracts" in Appendix IV to this prospectus;

9. the service agreements and letters of appointment referred to in the paragraph headed "Statutory and General Information – C. Further information about Directors, management and staff – 1. Directors" in Appendix IV to this prospectus;

10. the written consents referred to the paragraph headed "Statutory and General Information – E. Other information – 7. Consents of experts" in Appendix IV to this prospectus;

11. the Share Option Scheme; and

12. the F&S Report.

SWANG CHAI CHUAN LIMITED
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