

NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF PT RESOURCES HOLDINGS BERHAD (“PT RESOURCES” OR THE “COMPANY”) DATED 30 AUGUST 2022 (“ELECTRONIC PROSPECTUS”)

(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice).

Website

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at <https://www.bursamalaysia.com/> (“**Website**”).

Availability and Location of Paper/Printed Prospectus

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Mercury Securities Sdn Bhd (“**Mercury Securities**”) or Tricor Investor & Issuing House Services Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

Jurisdictional Disclaimer

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, Mercury Securities and the Company have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of the IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

Close of Application

Applications for the IPO Shares will be accepted from **10.00 a.m. on 30 August 2022** and will close at **5.00 p.m. on 12 September 2022**. Any change to the timetable will be advertised by PT Resources in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.



PT RESOURCES HOLDINGS BERHAD

(Registration No. 201901032139 (1341469-P))
(Incorporated in Malaysia under the Companies Act 2016)

P R O S P E C T U S

INITIAL PUBLIC OFFERING (“IPO”) IN CONJUNCTION WITH THE LISTING OF PT RESOURCES HOLDINGS BERHAD (“PT RESOURCES” OR “COMPANY”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD COMPRISING A PUBLIC ISSUE OF 135,000,000 NEW ORDINARY SHARES IN PT RESOURCES (“SHARES”) IN THE FOLLOWING MANNER:

- 26,751,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 13,376,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF PT RESOURCES AND OUR SUBSIDIARIES;
- 27,995,000 NEW SHARES MADE AVAILABLE BY WAY OF PLACEMENT TO SELECTED INVESTORS; AND
- 66,878,000 NEW SHARES MADE AVAILABLE BY WAY OF PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY,

AT AN ISSUE PRICE OF RM0.36 PER SHARE, PAYABLE IN FULL UPON APPLICATION

Principal Adviser, Sponsor, Underwriter and Placement Agent



MERCURY SECURITIES SDN BHD
(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE SEE “RISK FACTORS” COMMENCING ON PAGE 148.

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER 6 MONTHS FROM THE DATE OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”). THE REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS OUR IPO OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF OUR COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.

THE ISSUE, OFFER OR INVITATION FOR OUR IPO IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.



PT RESOURCES HOLDINGS BERHAD

PROSPECTUS

PT RESOURCES HOLDINGS BERHAD

(Registration No. 201901032139 (1341469-P))
(Incorporated in Malaysia under the Companies Act 2016)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya, Selangor
Tel No. : +603 7725 1777

HEAD OFFICE

Tower K03-5-12, UOA Business Park
Jalan Pengaturcara U1/51A
Seksyen U1, 40150 Shah Alam, Selangor
Tel No. : +603 5569 8616



www.ptresourcesgroup.com.my

THIS PROSPECTUS IS DATED 30 AUGUST 2022

All defined terms used in this Prospectus are defined under "Presentation of Financial and Other Information", and "Definitions" commencing on pages vii and ix of this Prospectus respectively.

RESPONSIBILITY STATEMENTS

Our Directors and Promoter have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Mercury Securities, being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

STATEMENTS OF DISCLAIMER

Our Company has obtained the approval of Bursa Securities for the listing of and quotation for our Shares. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of our IPO, our Company or our Shares.

Bursa Securities is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Forms, have also been lodged with the Registrar of Companies who takes no responsibility for its contents.

OTHER STATEMENTS

You should note that you may seek recourse under Sections 248, 249 and 357 of the CMSA for breaches of securities laws including any statement in this Prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Our Shares are offered to the public on the premise of full and accurate disclosure of all material information concerning our IPO, for which any person set out in Section 236 of the CMSA is responsible.

This Prospectus is prepared and published solely for our IPO. Our Shares are being offered solely on the basis of the information contained and representations made in this Prospectus. Our Company, Directors, Promoter, Principal Adviser, Underwriter and Placement Agent have not authorised anyone to provide any information or to make any representation not contained in this Prospectus. Any information or representation not contained in this Prospectus must not be relied upon as having been authorised by our Company, Directors, Promoter, Principal Adviser, Underwriter and Placement Agent or any of their respective directors or any other persons involved in our IPO.

This Prospectus has been prepared in the context of an IPO under the laws of Malaysia. It does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

Our Company, Directors, Promoter, Principal Adviser, Underwriter and Placement Agent have not authorised anyone and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the offering of our IPO Shares in certain jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith. It shall be your sole responsibility, if you are or may be subjected to the laws of any countries or jurisdictions other than Malaysia, to consult your professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements. This Prospectus may not be used for the purpose of and does not constitute an offer to sell or an invitation to buy our Shares in any jurisdiction in any circumstances in which such an offer or invitation is not authorised or is unlawful. This Prospectus shall also not be used to make an offer of or invitation to buy our Shares to any person to whom it is unlawful to do so. Our Company, Promoter and Principal Adviser require you to inform yourselves of and to observe such restrictions.

ELECTRONIC PROSPECTUS / INTERNET SHARE APPLICATION

This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com. The contents of the Electronic Prospectus and the copy of this Prospectus registered by Bursa Securities are the same.

You are advised that the internet is not a fully secured medium and that your Internet Share Application is subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions. These risks cannot be borne by the Internet Participating Financial Institutions. If you are in doubt as to the validity or integrity of an Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House, a paper/printed copy of this Prospectus. In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus, which is identical to the copy of the Prospectus registered by Bursa Securities, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (I) we and our Principal Adviser do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided in the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (II) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (III) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (I) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software;
- (II) the Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (III) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault or faults with the web browsers or other relevant software, any fault or faults on you or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

Event	Date
Opening of Application period for our IPO	30 August 2022
Closing of Application period for our IPO	12 September 2022
Balloting of Applications	15 September 2022
Allotment of our IPO Shares to successful Applicants	23 September 2022
Listing	27 September 2022

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

	PAGE
PRESENTATION OF FINANCIAL AND OTHER INFORMATION	vii
FORWARD-LOOKING STATEMENTS	viii
DEFINITIONS	ix
GLOSSARY OF TECHNICAL TERMS	xiii
1. CORPORATE DIRECTORY	1
2. APPROVALS AND CONDITIONS	4
2.1 Approvals from Relevant Authorities	4
2.2 Moratorium on Our Shares	5
3. PROSPECTUS SUMMARY	7
3.1 Principal Details of Our IPO	7
3.2 Group Structure and Business Model	7
3.3 Competitive Strengths	8
3.4 Future Plans and Strategies	9
3.5 Risk Factors	10
3.6 Impact of the COVID-19 Pandemic	12
3.7 Directors and Key Management Personnel	12
3.8 Promoter and Substantial Shareholder	13
3.9 Utilisation of Proceeds	13
3.10 Financial Highlights	14
3.11 Dividend Policy	15
4. PARTICULARS OF OUR IPO	16
4.1 Details of Our IPO	16
4.2 Basis of Arriving at the IPO Price	19
4.3 Share Capital	19
4.4 Dilution	20
4.5 Utilisation of Proceeds	21
4.6 Underwriting Commission, Brokerage and Placement Fees	23
4.7 Salient Terms of the Underwriting Agreement	23
5. INFORMATION ON OUR GROUP	26
5.1 History	26
5.2 Key Achievements and Milestones	27
5.3 Our Company	28
5.4 Our Group	29
6. BUSINESS OVERVIEW	32
6.1 Overview	32
6.2 Principal Business Activities	34
6.3 Own Outlets and Online Marketplace	37
6.4 Location of Operations	40
6.5 Competitive Strengths	41
6.6 Process Flows	43
6.7 QA/QC Procedures	51
6.8 Product Development	61
6.9 Key Machinery and Equipment	61

TABLE OF CONTENTS (cont'd)

	PAGE
6.10 Modes of Marketing, Distribution and Sales	63
6.11 Major Customers	65
6.12 Major Suppliers	67
6.13 Key Types, Sources and Availability of Materials	70
6.14 Seasonality	71
6.15 Interruptions to Business and Operations	71
6.16 Impact of the COVID-19 Pandemic	71
6.17 Major Approvals, Licenses and Permits	75
6.18 Patents, Trademarks and Registrations	85
6.19 Contracts/Arrangements/Documents Which Our Group is Materially Dependent on	88
6.20 Properties, Plant and Equipment	93
6.21 Production Capacity and Output	98
6.22 Future Plans and Strategies	99
6.23 Exchange Controls	103
6.24 Regulatory Requirements and Environmental Issues	103
7. IMR REPORT	105
8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL	116
8.1 Promoter and Substantial Shareholder	116
8.2 Directors	118
8.3 Key Management Personnel	137
8.4 Management Reporting Structure	141
8.5 Board Practices	142
8.6 Service Agreements	146
8.7 Declarations by Our Promoter, Directors and Key Management Personnel	146
8.8 Relationships and/or Associations	146
8.9 Employees	147
9. RISK FACTORS	148
9.1 Risks Relating to Our Business and Operations	148
9.2 Risks Relating to the Industry in Which We Operate	152
9.3 Risks Relating to Investment in Our Shares	154
10. RELATED PARTY TRANSACTIONS	156
10.1 Related Party Transactions	156
10.2 Transactions Entered into that are Unusual in Their Nature or Conditions	157
10.3 Loans and Financial Assistance Made to or for the Benefit of Related Parties	158
10.4 Monitoring and Oversight of Related Party Transactions and Conflict of Interest	159
11. CONFLICT OF INTEREST	160
11.1 Interest in Similar Businesses of Our Group	160
11.2 Declarations of Conflict of Interests by Our Advisers	160

TABLE OF CONTENTS (cont'd)

	PAGE
12. FINANCIAL INFORMATION	161
12.1 Historical Financial Information	161
12.2 Management's Discussion and Analysis of Financial Condition and Results of Operations	164
12.3 Significant Factors Affecting Our Operations and Financial Performance	181
12.4 Liquidity and Capital Resources	183
12.5 Capitalisation and Indebtedness	189
12.6 Material Investment and Divestitures	190
12.7 Material Capital Commitments	191
12.8 Trend Information	191
12.9 Significant Changes	191
12.10 Order Book	191
12.11 Dividend Policy	192
13. ACCOUNTANTS' REPORT	193
14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022	266
15. STATUTORY AND OTHER INFORMATION	280
15.1 Share Capital	280
15.2 Extracts of Our Constitution	280
15.3 Deposited Securities and Rights of Depositors	285
15.4 Public Take-Overs	285
15.5 Material Contracts	286
15.6 Material Litigation	286
15.7 Consents	286
15.8 Documents Available for Inspection	286
15.9 Responsibility Statements	287
16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE	288
16.1 Opening and Closing of Application Period	288
16.2 Methods of Applications	288
16.3 Eligibility	289
16.4 Application by Way of Application Forms	290
16.5 Application by Way of Electronic Share Applications	290
16.6 Application by Way of Internet Share Applications	291
16.7 Authority of Our Board and Our Issuing House	291
16.8 Over/Under-Subscription	291
16.9 Unsuccessful/Partially Successful Applicants	292
16.10 Successful Applicants	293
16.11 Enquiries	293

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to “**our Company**” and “**PT Resources**” in this Prospectus are to PT Resources Holdings Berhad, while references to “**our Group**” are to our Company and our subsidiaries. References to “**we**”, “**us**”, “**our**” and “**ourselves**” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “**Management**” are to our Executive Directors and key management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders, and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to “RM” and “sen” are to the lawful currency of Malaysia. Certain numbers presented in this Prospectus have been rounded off to the nearest million or thousand or 1 decimal place, where applicable and hence may not be exact. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any statute and legislation in this Prospectus shall be a reference to the statute or legislation of Malaysia and includes any statutory modification, amendment or re-enactment thereof, unless otherwise indicated.

This Prospectus includes statistical data provided by us and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or are exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from us.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements, which include all statements other than of historical facts including amongst others, those regarding of our financial position, business strategies, prospects, plans and objectives for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “estimate”, “aim”, “plan”, “project”, “forecast” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. As such, we cannot assure you that the forward-looking statements in this Prospectus will be realised.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 9 - Risk Factors and Section 12.2 - Management’s Discussion and Analysis of Financial Conditions and Results of Operations of this Prospectus.

These forward-looking statements are based on information available to us as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of our IPO Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMSA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the term is defined otherwise or the context otherwise requires:

Acquisitions	:	Acquisitions by PT Resources of the entire equity interest of HGMC, MHC and MO from the vendors, which were completed on 22 December 2020
Act	:	Companies Act 2016
Applicant	:	Applicant for our IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application	:	Application for our IPO Shares by way of Application Form, Electronic Share Application and/or Internet Share Application
Application Form	:	Printed application form for the application of our IPO Shares accompanying this Prospectus
ATM	:	Automatic teller machine
Board	:	Board of Directors of PT Resources
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))
Bursa Securities	:	Bursa Malaysia Securities Berhad (200301033577 (635998-W))
CAGR	:	Compound annual growth rate
CCC	:	Certificate of completion and compliance
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
CF	:	Certificate of fitness for occupation
China	:	People's Republic of China
CMSA	:	Capital Markets and Services Act 2007
Constitution	:	Constitution of PT Resources
COVID-19	:	Coronavirus disease 2019
Director	:	A member of our Board and within the meaning given in Section 2(1) of the CMSA
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation
ECERDC	:	East Coast Economic Region Development Council
ECERDC Commercial Agreement	:	Commercial agreement dated 10 March 2016 entered into between the ECERDC, MHC, Meng How (M), and Meng How Group for the commercial investment in, operation and management of the KIFPP Processing Facility, of which the rights, duties, obligations and liabilities of Meng How (M) and Meng How Group were novated to our Company vide the Novation Agreement

DEFINITIONS (*cont'd*)

Electronic Application	Share	: Application for our IPO Shares through Participating Financial Institution's ATM
Eligible Persons		: Eligible Directors and employees of our Group and persons who have contributed to the success of our Group, collectively
EPS		: Earnings per Share
FYE		: Financial year ended / ending 30 April, as the case may be
GP		: Gross profit
IMR or PROVIDENCE		: Providence Strategic Partners Sdn Bhd (201701024744 (1238910-A))
IMR Report		: Independent Market Research Report on the Frozen Seafood Markets in Asia Pacific and Middle East, Frozen Seafood Processing Industry in Malaysia and the Grocery Retail Industry in Malaysia prepared by PROVIDENCE
Internet Participating Financial Institutions		: Participating financial institutions for the Internet Share Application, as listed in Section 16.6 of this Prospectus
Internet Share Application		: Application for our IPO Shares through an online share application service provided by the Internet Participating Financial Institutions
IPO		: Initial public offering via our Public Issue
IPO Price		: RM0.36 per IPO Share
IPO Shares		: New Shares to be issued pursuant to our Public Issue subject to the terms and conditions of this Prospectus
Issuing House		: Tricor Investor & Issuing House Services Sdn Bhd (197101000970 (11324-H))
JAKIM		: Department of Islamic Development Malaysia
KIFPP		: Kuantan Integrated Fish Processing Park located at Lot 39771 (PT 33407), Tanah Putih, Mukim Kuala Kuantan, Kuantan, Pahang
KIFPP Processing Facility		: Our Group's processing facility located in the KIFPP
Listing		: Admission of PT Resources to the Official List of Bursa Securities and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities
Listing Requirements		: ACE Market Listing Requirements of Bursa Securities
LKIM		: Fisheries Development Authority of Malaysia
LKIM Complex		: Kompleks Perikanan LKIM Kuantan, Jalan Seri Kemunting 2, Tanah Putih, Kuantan, Pahang
LKIM Lease Agreement		: Lease agreement between the LKIM and MHC which was first entered into on 30 November 2016 for a lease of the KIFPP Processing Facility from 1 September 2016 for a period of 3 years, which can be renewed every 3 years up to 31 August 2046 subject to the LKIM's approval, and was last renewed for a period of 3 years from 1 September 2022

DEFINITIONS (*cont'd*)

LPD	:	31 July 2022, being the latest practicable date prior to the issuance of this Prospectus
Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia but excluding Directors of our Group, our substantial shareholders and persons connected with them
Market Day	:	Any day on which Bursa Securities is open for trading of securities
MCO	:	Movement control order
Mercury Securities or Principal Adviser or Sponsor or Underwriter or Placement Agent	:	Mercury Securities Sdn Bhd (198401000672 (113193-W))
Meng How (M)	:	Meng How (M) Sdn Bhd (200701030425 (788451-V))
Meng How Group	:	Meng How Group Sdn Bhd (formerly known as MHC Consolidated Sdn Bhd) (201201002384 (975909-X))
MITI	:	Ministry of International Trade and Industry
NA	:	Net assets
NBV	:	Net book value
Novation Agreement	:	Novation agreement dated 23 September 2021 entered into between the ECERDC, our Company, MHC, Meng How (M), and Meng How Group for the novation of the rights, duties, obligations and liabilities of Meng How (M) and Meng How Group under the ECERDC Commercial Agreement to our Company
Official List	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed
Participating Financial Institutions	:	Participating financial institutions for the Electronic Share Application as listed in Section 16.5 of this Prospectus
PAT	:	Profit after tax
PBT	:	Profit before tax
PE Multiple	:	Price-to-earnings multiple
Pink Form Allocation	:	Allocation of 26,751,000 IPO Shares for subscription by the Eligible Persons
Promoter or Specified Shareholder	:	Heng Chang Hooi
Prospectus	:	This Prospectus dated 30 August 2022 in relation to our IPO
PT Resources Company	or	PT Resources Holdings Berhad (201901032139 (1341469-P))

DEFINITIONS *(cont'd)*

PT Resources Group or Group	:	Collectively, our Company and our subsidiaries
PT Resources Shares or Shares	:	Ordinary shares in PT Resources
Public Issue	:	Public issue of 135,000,000 new IPO Shares at the IPO Price
QA	:	Quality assurance
QA/QC	:	Quality assurance and quality control
QC	:	Quality control
Rules of Bursa Depository	:	The rules of Bursa Depository as issued under the SICDA
SC	:	Securities Commission Malaysia
SICDA	:	Securities Industry (Central Depositories) Act 1991
SIRIM	:	SIRIM QAS International Sdn Bhd (199601037981 (410334-X))
SOP	:	Standard operating procedure
UAE	:	United Arab Emirates
Underwriting Agreement	:	Underwriting agreement dated 3 August 2022 entered into between our Company and our Underwriter pursuant to our IPO
Vietnam	:	Socialist Republic of Vietnam

Subsidiaries of our Company

HGMC	:	HGMC Holding Sdn Bhd (201501000771 (1126103-K))
MHC	:	MHC Coldstorage Sdn Bhd (201201025648 (1010138-W))
MO	:	MO Foodmart Sdn Bhd (201201004902 (978427-V))

Currencies, units and others

°C	:	Degree Celsius
kg	:	kilogram
km	:	kilometres
sqf	:	Square feet
sqm	:	Square metres
USD	:	United States Dollar

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used throughout this Prospectus in connection with our Group's business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

Anteroom	:	An intermediate room between the cold room and the loading/unloading area
Aquaculture farm	:	A farm that breeds, raises and harvests fishes, crustaceans, molluscs, and/or other aquatic plants
CAIQ	:	Chinese Academy of Inspection and Quarantine, a national public institute in China which is responsible for the consultation, training, testing and inspection, filing and traceability of products exported into the country
Cold room	:	A refrigeration room where low temperature of up to -25°C can be maintained in order to store frozen and chilled products
Cold storage warehouse	:	A warehouse comprising cold rooms to store frozen and chilled products
End-customers	:	In the context of this Prospectus, end-customers refer to consumers or food and beverage outlets who purchase frozen seafood and other products for own consumption and/or to be used in the preparation of meals
Farm-raised seafood supplies	:	Seafood supplies that are harvested from aquaculture farms
Fish landing jetty	:	Landing place for fishing vessels to dock and sell their catches
Fishing enterprise	:	An enterprise, be it a company or sole proprietorship or partnership, which is involved in fishing activities
Food manufacturer	:	Manufacturer of food products
Frozen seafood products	:	Seafood supplies that have undergone freezing and other processes and packaged to be sold to customers
Glazing	:	A process where a protective layer of ice is formed on the product's surface, allowing it to extend its shelf life
GMP	:	Good Manufacturing Practice, a quality assurance system which ensures products are consistently produced and controlled according to quality standards appropriate for their intended use
HACCP	:	Hazard Analysis and Critical Control Point, a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product
Halal	:	In the context of this Prospectus, food that is allowed or permitted by the Islamic laws to be consumed and is in accordance with laws set out by JAKIM
Insulated ice box	:	A non-mechanical box that is insulated to allow for cooling or preserving food
IQF	:	Individual quick freezing, a freezing technology undertaken by an IQF freezer that has the capability to freeze large volume of small-sized processed seafood or seafood parts in a short span of time. It operates at -40°C and can rapidly freeze seafood to up to -25°C, and produce individually separated frozen seafood products to minimise bacterial, mould and yeast growth

GLOSSARY OF TECHNICAL TERMS (cont'd)

Master packaging	:	A form of packaging where frozen seafood products are enclosed in plastic bags and packaged in carton boxes
Meat products	:	Includes poultry, beef, lamb and mutton
MeSTI	:	Makanan Selamat Tanggungjawab Industri, a food safety programme by the Ministry of Health Malaysia with the objective to put in place a system for the maintenance of food hygiene and process control which includes food safety assurance and food traceability
Non-meat products	:	Includes grocery products other than meat products such as fruits and vegetables, staple food, beverages and non-food products such as tissue and cleaning solutions
Online marketplace	:	An online platform that allows sale of products to customers
Other products	:	Includes both meat and non-meat products
Outlet	:	In the context of this Prospectus, outlet refers to shops that sells our Group's frozen seafood and other products
QR code	:	Quick response code
Ready-to-cook meat and seafood products	:	Frozen meat and seafood products that have been marinated and/or are sold with sauces and condiments to simplify the cooking process for consumers
Ready-to-eat meat and seafood products	:	Frozen meat and seafood products that have been pre-cooked which can be consumed immediately after heating up
Retailer	:	In the context of this Prospectus, retailer refers to an enterprise that is involved in the sale of food products and has a retail store front
Seafood supplies	:	In the context of this Prospectus, seafood supplies are seafood procured to undergo freezing and other processes in order to form frozen seafood products
Semi-contact freezer	blast	: A freezer that comprises height-adjustable racks of trays and can be used to freeze small and large sized processed seafood. It operates at -40°C and can rapidly freeze seafood to up to -25°C to minimise bacterial, mould and yeast growth
Shelf life	:	The length of time for which a product remains fit for consumption or saleable
Skin pack	:	A form of packaging where air is removed and transparent plastic sheet is heated to tightly wrap the product, forming the outline or shape of the frozen seafood product
Vacuum pack	:	A form of packaging where air is removed from inside the plastic pack or shrink film before it is sealed
Wholesaler	:	An enterprise that buys and sells products in bulk and do not have a retail store front
Wild-caught supplies	seafood	: Seafood supplies that are harvested by fishing enterprises from their natural habitats such as oceans, rivers and lakes

1. CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Designation	Nationality	Address
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	Independent Non-Executive Chairman	Malaysian	No. 48, Jalan Chanderai Bukit Pantai 59100 Kuala Lumpur Wilayah Persekutuan
Heng Chang Hooi	Managing Director	Malaysian	No. 25, Lorong Alor Akar 79 Taman Alor Akar Mewah 25250 Kuantan Pahang
Mohd Rofzan bin Mohd Latiff	Executive Director	Malaysian	No. 13, Lorong Seri Mahkota Damai 7, Taman Seri Mahkota Damai 25150 Kuantan Pahang
Dato' Asmuni bin Sudin	Independent Non-Executive Director	Malaysian	43, Jalan Adang U8/18 Bukit Jelutong 40150 Shah Alam Selangor
Chan Foong Ping	Independent Non-Executive Director	Malaysian	B-8-3A, The Park Residence Bangsar South 59200 Kuala Lumpur Wilayah Persekutuan
Steven Wong Chin Fung	Independent Non-Executive Director	Malaysian	No. 14, Jalan BU 4/8 Bandar Utama 47800 Petaling Jaya Selangor

AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Chan Foong Ping	Chairman	Independent Non-Executive Director
Steven Wong Chin Fung	Member	Independent Non-Executive Director
Dato' Asmuni bin Sudin	Member	Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Asmuni bin Sudin	Chairman	Independent Non-Executive Director
Steven Wong Chin Fung	Member	Independent Non-Executive Director
Chan Foong Ping	Member	Independent Non-Executive Director

1. CORPORATE DIRECTORY (cont'd)

COMPANY SECRETARIES : Tea Sor Hua
Professional Qualification: Malaysian Association of Company Secretaries ("**MACS**")
(MACS Membership No. MACS 01324 / SSM PC. No. 201908001272)

Chieng Meei Tsong
Professional Qualification: Malaysian Institute of Chartered Secretaries and Administrators ("**MAICSA**")
(MAICSA Membership No. MAICSA 7040364 / SSM PC. No. 201908001264)

77C, Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor

Tel No. : +603 7725 1777

REGISTERED OFFICE : Third Floor, No. 77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor

Tel No. : +603 7725 1777

HEAD OFFICE : Tower K03-5-12, UOA Business Park
Jalan Pengaturcara U1/51A
Seksyen U1
40150 Shah Alam
Selangor

Tel No. : +603 5569 8616
Website : www.ptresourcesgroup.com.my
Email : info@ptresourcesgroup.com.my

PRINCIPAL BUSINESS PLACE OF : Kuantan Integrated Fish Processing Park (KIFPP)
Jalan Seri Kemunting 2
Tanah Putih
25100 Kuantan
Pahang

Tel No. : +609 515 6666

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT : Mercury Securities Sdn Bhd
(198401000672 (113193-W))
L-7-2, No. 2 Jalan Solaris
Solaris Mont' Kiara
50480 Kuala Lumpur
Wilayah Persekutuan

Tel No. : +603 6203 7227

1. CORPORATE DIRECTORY (cont'd)

- AUDITORS AND REPORTING ACCOUNTANTS** : Grant Thornton Malaysia PLT
Firm No. 201906003682 (LLP0022494-LCA) & AF 0737
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
- Partner-in-charge : Lui Lee Ping
Approval No. : 03334/11/2023(J)
Professional Qualification : Malaysian Institute of Accountants ("MIA") (MIA Membership No. 29126)
Tel No. : +603 2692 4022
- SOLICITORS FOR OUR IPO** : Chooi & Company + Cheang & Ariff
CCA@ Bangsar
Level 5, Menara BRDB
285, Jalan Maarof
Bukit Bandaraya
59000 Kuala Lumpur
Wilayah Persekutuan
- Tel No. : +603 2055 3888
- INDEPENDENT RESEARCHER MARKET** : Providence Strategic Partners Sdn Bhd
(201701024744 (1238910-A))
67-1, Block D, The Suites, Jaya One
No. 72A, Jalan Prof Diraja Ungku Aziz
46200 Petaling Jaya
Selangor
- Person-in-charge : Melissa Lim Li Hua
Professional Qualification : Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia
Tel No. : +603 7625 1769
- SHARE REGISTRAR** : One Capital Market Services Sdn Bhd
(201901023363 (1332692-M))
Level 18 Plaza VADS
No. 1, Jalan Tun Mohd Fuad
Taman Tun Dr. Ismail
60000 Kuala Lumpur
Wilayah Persekutuan
- Tel No. : +603 7735 5770
- ISSUING HOUSE** : Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
- Tel No. : +603 2783 9299
- LISTING SOUGHT** : ACE Market of Bursa Securities

2. APPROVALS AND CONDITIONS

2.1 Approvals from Relevant Authorities

2.1.1 Bursa Securities

Bursa Securities had, via its letter dated 27 April 2022 (“**Approval Letter**”), approved the admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities. The approval from Bursa Securities is subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	Submission of the following information with respect to the moratorium on the shareholdings of the promoters to Bursa Depository: (i) Name of shareholders; (ii) Number of shares; and (iii) Date of expiry of the moratorium for each block of shares;	To be complied
2.	Confirmation that approvals from other relevant authorities have been obtained for implementation of the listing proposal;	Complied
3.	Make the relevant announcements pursuant to paragraphs 8.1 and 8.2 of Guidance Note 15 of the Listing Requirements;	To be complied
4.	Furnish to Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of PT Resources on the first day of listing;	To be complied
5.	In relation to the public offering to be undertaken by PT Resources, to announce at least 2 market days prior to the listing date, the result of the offering including the following: (i) Level of subscription of public balloting and placement; (ii) Basis of allotment/allocation; (iii) A table showing the distribution for placement tranche as per the format in Appendix I of the Approval Letter; and (iv) Disclosure of placees who become substantial shareholders of PT Resources arising from the public offering, if any. To ensure that the overall distribution of the Company's securities is properly carried out to mitigate any disorderly trading in the secondary market; and	To be complied
6.	PT Resources / Mercury Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of PT Resources to the Official List.	To be complied

2.1.2 SC

Our Listing is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

2. APPROVALS AND CONDITIONS (cont'd)

The SC had, via its letter dated 10 May 2022, approved the resultant equity structure of our Company under the equity requirements for public listed companies pursuant to our Listing, subject to the following conditions:

No.	Details of conditions imposed	Status of compliance
1.	PT Resources allocating shares equivalent to 12.5% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by MITI.	To be complied
2.	PT Resources to make available at least 50% of the Shares offered to the Malaysian Public investors via balloting to Bumiputera public investors at the point of Listing.	To be complied

The effects of our Listing on the equity structure of our Company are as follows:

Category of shareholders	As at 30 Sep 2021		After the Listing	
	No. of Shares	%	No. of Shares	%
Bumiputera				
- Bumiputera investors approved by MITI	-	-	⁽¹⁾ 66,878,000	12.5
- Malaysian Public via balloting	-	-	⁽¹⁾ 13,375,500	2.5
Total Bumiputera	-	-	80,253,500	15.0
Non-Bumiputera	380,020,000	95.0	434,766,500	81.3
Total Malaysian	380,020,000	95.0	515,020,000	96.3
Foreigners	20,000,000	5.0	20,000,000	3.7
Total	400,020,000	100.0	535,020,000	100.0

Note:

- (1) Based on the assumption that Shares offered to Bumiputera investors approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

2.1.3 MITI

MITI had, vide its letter dated 4 January 2022, stated that it has taken note and has no objection to our Listing.

2.2 Moratorium on Our Shares

In compliance with Rule 3.19 of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of Shares held by our Specified Shareholder as follows:

- (i) the moratorium applies to our Specified Shareholder's entire shareholding for a period of 6 months from the date of our Listing ("**First 6-Month Moratorium**");
- (ii) upon the expiry of the First 6-Month Moratorium, our Specified Shareholder's shareholding amounting to at least 45% of our enlarged issued share capital remain under moratorium for a further 6 months ("**Second 6-Month Moratorium**"); and
- (iii) thereafter, our Specified Shareholder may sell, transfer or assign up to a maximum of 1/3 per annum (on a straight-line basis) of his Shares under moratorium.

2. APPROVALS AND CONDITIONS *(cont'd)*

The details of our Specified Shareholder and his Shares which will be subject to the abovementioned moratorium are as follows:

Specified Shareholder	Year 1		Year 2		Year 3			
	First 6-Month Moratorium		Second 6-Month Moratorium		Moratorium		Moratorium	
	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(1) %
Heng Chang Hooi	380,020,000	71.0	240,759,000	45.0	160,506,000	30.0	80,253,000	15.0

Note:

(1) Based on our enlarged issued share capital of 535,020,000 Shares after our IPO.

The moratorium has been fully accepted by our Specified Shareholder, who has provided a written undertaking that he will not sell, transfer or assign his shareholding under moratorium during the moratorium period. The moratorium restrictions are specifically endorsed on our share certificates representing the Shares under moratorium held by our Specified Shareholder to ensure that our Share Registrar does not register any transfer that contravenes with such restrictions.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

3.1 Principal Details of Our IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

Number of Shares to be offered under our Public Issue

• Malaysian Public	26,751,000
• Eligible Persons	13,376,000
• Placement to selected investors	27,995,000
• Placement to selected Bumiputera investors approved by MITI	66,878,000
Total	135,000,000

IPO Price RM0.36

Market capitalisation upon Listing RM192,607,200

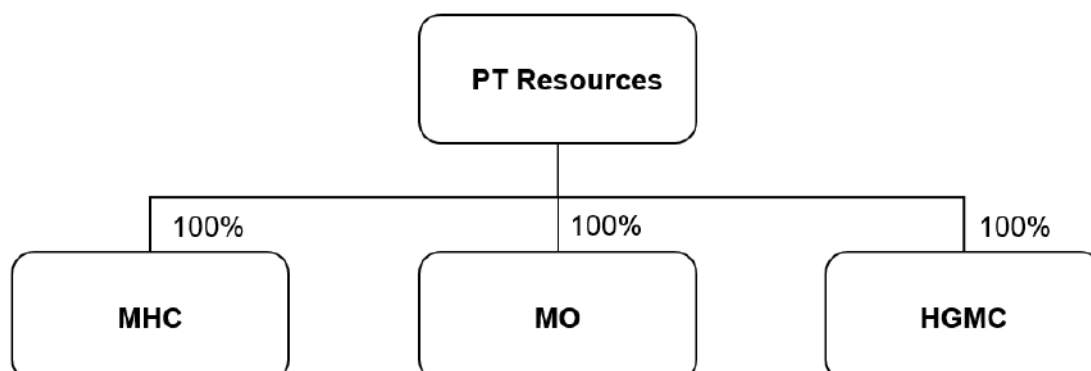
Our Public Issue of 135,000,000 IPO Shares represents 25.2% of our enlarged issue share capital. Further details of our IPO and the moratorium period imposed on our Specified Shareholder are set out in Sections 2.2 and 4.1 of this Prospectus.

3.2 Group Structure and Business Model

Our Company was incorporated in Malaysia under the Act on 6 September 2019 as a private limited company under the name of PT Resources Holdings Sdn Bhd and was subsequently converted to a public limited company on 21 September 2020.

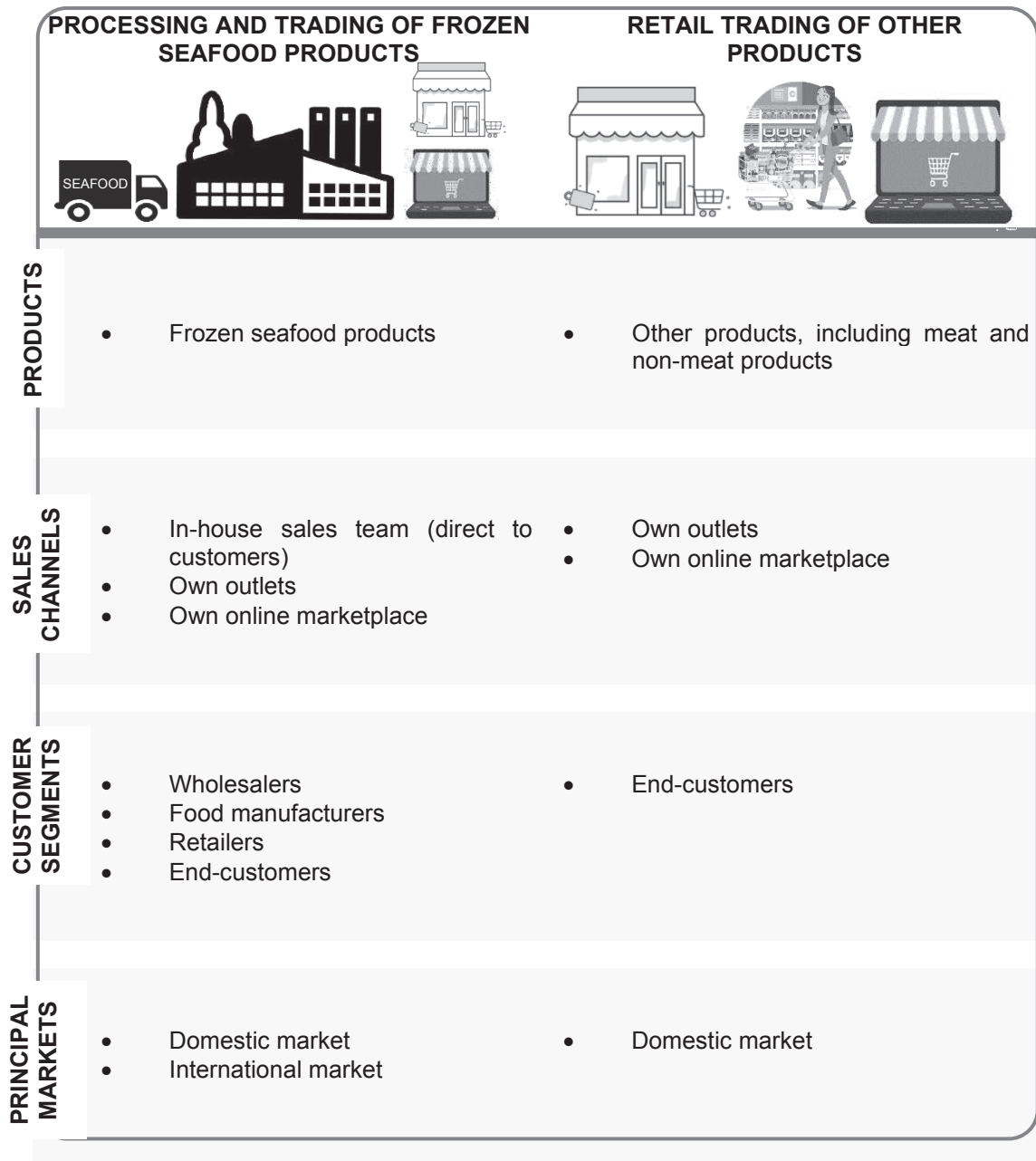
Our Company is an investment holding company. Through our subsidiaries, our Group is principally involved in the processing and trading of frozen seafood products as well as retail trading of meat and non-meat products.

Our group structure is as follows:



3. PROSPECTUS SUMMARY (cont'd)

The following is an overview of our Group's business model:



Further details of our group structure and business model are set out in Sections 5 and 6 of this Prospectus.

3.3 Competitive Strengths

- (i) The KIFPP Processing Facility is equipped to produce quality frozen seafood products

The KIFPP Processing Facility is equipped with a IQF freezer and semi-contact blast freezers which enable us to produce individually frozen units of frozen seafood products while preserving the quality and freshness of our frozen seafood products in terms of shape, colour and taste. We supplement the abovementioned machineries with a freezer hardener to undertake the glazing process, and a defrosting machine to minimise contamination and product deterioration when defrosting frozen blocks of seafood supplies. All these machineries enable us to consistently provide quality products to meet customers' demand.

3. PROSPECTUS SUMMARY *(cont'd)*

- (ii) We are able to maintain a consistent supply of frozen seafood products throughout the year

We are able to maintain a consistent supply of frozen seafood products throughout the year due to the following:

- (a) we have a network of suppliers comprising local and international wholesalers, aquaculture farms and fishing enterprises who supply us not only with wild-caught seafood supplies from different countries/regions but also farm-raised seafood supplies which are not seasonal; and
- (b) we have a cold room which allows us to store our frozen seafood supplies and products while maintaining their freshness and quality and thus, allows us to meet customers' demand even when seafood supplies are low and/or offer shorter lead time to our customers.
- (iii) We are compliant to locally and internationally recognised quality and food safety management certifications

The KIFPP Processing Facility has been designed to meet QC measures for hygiene and food safety. As a testament, we have obtained quality and food safety management certifications, including the ISO 22000:2005, HACCP and GMP as well as the MeSTI Secure Food Certification Scheme. We have also obtained 'Halal' certification from JAKIM which is beneficial to our Group as it allows us to target a wider market.

These locally and internationally recognised certifications provide us with the capability to expand our presence in Malaysia as well as penetrate into markets beyond Malaysia such as the Asia Pacific and the Middle East.

- (iv) The KIFPP Processing Facility is strategically located

The KIFPP Processing Facility is strategically located at close proximity to the fish landing jetty in LKIM Complex in Kuantan, where many fishing vessels land on a daily basis with wild-caught seafood supplies. According to the IMR Report, in 2018, the largest volume and value of fish landings in Peninsular Malaysia were from Kuantan, with the LKIM Complex being a major contributor to the fish landings in Kuantan. We are also able to enhance our efficiency as supplies procured from the LKIM Complex can be immediately delivered to the KIFPP Processing Facility and thereby, reduce delivery costs and time.

Further details of our competitive strengths are set out in Section 6.5 of this Prospectus.

3.4 Future Plans and Strategies

We plan to strengthen our business by implementing the following future plans:

- (i) set up a new cold storage warehouse on our Group's vacant land located approximately 5 km from the KIFPP Processing Facility and our "MO Wholesale Centre" outlet. The new cold storage warehouse will house 6 separate cold rooms that will be used to store frozen seafood products, frozen seafood supplies, chilled meat, frozen meat, fruits and vegetables, and will increase our maximum storage capacity from 700 tonnes at the KIFPP Processing Facility to 4,000 tonnes. This would facilitate our Group to cater to the growing demand for our frozen seafood and other products;

3. PROSPECTUS SUMMARY *(cont'd)*

- (ii) grow our exports to the Asia Pacific and the Middle East by tapping onto our existing network for business referrals and continue participating in international exhibitions. We also intend to launch our own brand of frozen seafood products, be it “MyLaut” or any other brand we deem fit, to expand our existing customer base consisting of wholesalers in these markets, to include retailers and end-customers. In addition, we had also obtained the CAIQ registration which facilitates our Group to market our frozen seafood products through sellers on online marketplaces in China and grocery retailers; and
- (iii) expand our network of “MO Foodmart™” outlets through a licensing business model. The envisaged licensing business model will entail collaborations with licensees to set up “MO Foodmart™” outlets, whereby the licensees will be responsible for funding the set-up of the “MO Foodmart™” outlets whilst our Group will supply our frozen seafood and other products to these outlets.

Further details of our future plans and strategies are set out in Section 6.22 of this Prospectus.

3.5 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations that may have a significant impact on our future financial performance including but not limited to the following:

- (i) Our operations at the KIFPP Processing Facility are subject to risks of termination and/or non-renewal of the agreements with the ECERDC and/or the LKIM

In the event that either the ECERDC Commercial Agreement or the LKIM Lease Agreement is terminated and/or not renewed, we may not be able to continue to operate at the KIFPP Processing Facility and will thus need to identify and relocate to a suitable premise that can accommodate our processing operations as well as obtain the necessary permits, licences, certifications and/or approvals to operate at the new premise. This process will incur additional costs and may disrupt our operations. In addition, our Group would no longer be able to enjoy the income tax exemption for a period of 10 years commencing from the year of assessment 2018 up to the year of assessment 2027. These additional costs, disruption to business and absence of tax exemption would have an adverse impact on our processing operations and financial performance.

- (ii) Our operations are exposed to interruptions and delays caused by equipment failures, accidents, fires or floods

Our operations rely on a range of machineries and equipment to operate. These machineries and equipment, may on occasions, be out of service due to accidents, unanticipated failures or damages sustained during operations. In addition, our operations are also subject to catastrophic loss due to natural disasters such as fires and floods. Any prolonged interruptions and/or delays to our operations from any of the above events may also have an adverse effect on our sales and financial performance.

The KIFPP Processing Facility requires sufficient and consistent supply of electricity to operate, failing which our processing operations would be temporarily halted. In order to have sufficient power supply, a high-tension electrical room (“**HT Electrical Room**”) was built and is located adjacent to the KIFPP Processing Facility. As at the LPD, approvals from the relevant authorities for the HT Electrical Room are pending as certain rectification works have yet to be completed.

3. PROSPECTUS SUMMARY *(cont'd)*

The LKIM has agreed to undertake the said rectification works at its own costs, which is expected to begin in January 2023 (i.e. after the building plans for the said rectification works have been approved) and would take an estimated 3 months to complete. The approvals from the relevant authorities are expected to be obtained within 2 months after the said rectification works have been completed. The said rectification works are not expected to materially affect our processing operations as it is not expected to interrupt the power supply to the KIFPP Processing Facility save for a cumulative period of not more than 16 hours during the connection and disconnection of the electrical cables in order to facilitate the said rectification works. If electricity supply becomes unavailable pending the said rectification works, we would require 3 back-up generators to power the KIFPP Processing Facility and would incur an additional estimated cost of RM150,000 per month.

- (iii) Our export business is subject to risks of revocation or non-renewal of certifications

Some of our overseas customers require our processing operations to be HACCP-certified, GMP-compliant and/or 'Halal'-certified. We are required to maintain the standards of operations at the KIFPP Processing Facility in order to comply with the requirements and conditions set out in the said certifications. In the event we fail to comply with any such requirements or conditions, our certifications may be revoked or not renewed upon expiry. The loss of any of these certifications may have an adverse impact on our business and financial performance as we may not be able to sell our frozen seafood products to those overseas customers that require such certifications.

- (iv) We are dependent on our Executive Directors and key management personnel for the continuing success of our Group

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Executive Directors and key management personnel who play significant roles in our day-to-day operations as well as the development and implementation of our business strategies. As such, the loss of services of any of our Executive Directors and/or key management personnel within a short period of time without any suitable and timely replacement may adversely affect our business and financial performance.

- (v) We are dependent on the availability of foreign workers in our processing operations

Although we have invested in machineries and equipment to reduce the amount of labour required for our processing operations, we are still dependent on manual labour to perform a variety of our processing activities. Any changes to foreign worker visa policies in Malaysia or in the countries which our foreign workers are from, may result in difficulties for our Group to maintain a sufficient labour workforce. In addition, any increase in the costs and levy rate of the foreign workers will increase our direct labour costs. These may adversely impact our business operations and financial performance.

As our recruitment of foreign workers was affected by the hiring freeze announced by the Malaysia's Minister of Human Resource on 22 June 2020, our Group's operations were not materially impacted as we also engaged contractual workers from a third-party service provider to supplement our existing workforce to assist in our cleaning and cutting processes in order to address this temporary labour shortage. As there have been announcements to ease the hiring freeze on foreign workers since August 2020, our Group is not expected to face any difficulty in hiring foreign workers. However, should there be future implementations of hiring freeze on foreign workers, this may temporarily affect our Group's anticipated business growth as the said hiring freeze and additional hiring process (i.e. employers who intend to hire foreign workers are to advertise the job openings on MYFutureJobs) effective 1 January 2021 could increase the cost and time required to hire new workers.

Further details of our risk factors are set out in Section 9 of this Prospectus.

3. PROSPECTUS SUMMARY *(cont'd)*

3.6 Impact of the COVID-19 Pandemic

Despite the MCO which took effect from 18 March 2020, our processing and trading activities were still allowed to continue as our business was recognised as an essential service. However, we experienced a lower traffic at our “MO Foodmart™” outlets during the MCOs but we were able to increase our revenue by increasing our exports to Saudi Arabia and China as detailed in Section 12.2.2 of this Prospectus as well as by launching our own online marketplace, “MO Signature™” to reach out directly to the end-customers in June 2020.

As at the LPD, we have also experienced temporary closure of our operations for a total of 9 days at the KIFPP Processing Facility and 8 days at our “MO Wholesale Centre” outlet as a result of our employees being tested positive for COVID-19. The relevant premises were closed until the premises have undergone sanitisation and other employees working at the relevant premises tested negative for COVID-19.

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. As such, the COVID-19 pandemic did not have a significant adverse impact on our financial performance for the FYE 2020 to FYE 2022 and up to the LPD.

Since the implementation of the MCO on 18 March 2020 till the LPD, our Group has incurred additional cost of RM1.4 million for amongst others, implementation of precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Malaysian Government as well as cargo sanitisation for export purposes. Such additional cost incurred were less than 7% of our PAT for the FYE 2020 to FYE 2022.

Further details of the impact of the COVID-19 pandemic are set out in Section 6.16 of this Prospectus.

3.7 Directors and Key Management Personnel

Name	Designation
Directors	
Tan Sri Dato’ Dr. Syed Jalaludin bin Syed Salim	Independent Non-Executive Chairman
Heng Chang Hooi	Managing Director
Mohd Rofzan bin Mohd Latiff	Executive Director
Dato’ Asmuni bin Sudin	Independent Non-Executive Director
Chan Foong Ping	Independent Non-Executive Director
Steven Wong Chin Fung	Independent Non-Executive Director
Key management personnel	
Ong Wen Qin	Group Financial Controller
Tan Oon Huat	Senior Manager (Planning and Development)
Yong Zi Fung	Head of Operations (MHC)

Further details of our Directors and key management personnel are set out in Section 8 of this Prospectus.

3. PROSPECTUS SUMMARY *(cont'd)*

3.8 Promoter and Substantial Shareholder

The details of our Promoter and substantial shareholder, and his shareholding in our Company before and after our IPO are as follows:

Name	Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
		'000		'000		'000		'000	
Heng Chang Hooi	Malaysian	380,020	95.0	-	-	380,020	71.0	-	-

Notes:

(1) Based on our issued share capital of 400,020,000 Shares before our IPO.

(2) Based on our enlarged issued share capital of 535,020,000 Shares after our IPO.

Further details of our Promoter and substantial shareholder are set out in Section 8.1 of this Prospectus.

3.9 Utilisation of Proceeds

The total gross proceeds from our Public Issue will amount to RM48.6 million based on the IPO Price. We expect the proceeds to be used in the following manner:

Purposes	RM'000	%	Estimated timeframe for utilisation from the Listing date
Capital expenditure for new cold storage warehouse	17,635	36.3	Within 36 months
Working capital	27,175	55.9	Within 12 months
Estimated listing expenses	3,790	7.8	Within 3 months
Total	48,600	100.0	

Further details of our utilisation of proceeds are set out in Section 4.5 of this Prospectus.

3. PROSPECTUS SUMMARY (cont'd)**3.10 Financial Highlights**

The table below sets out a summary of the statements of profit or loss and other comprehensive income, financial position and cash flows of our Group for the FYE 2019 to FYE 2022:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income				
Revenue	116,396	161,310	186,447	349,144
GP	25,780	25,063	28,730	38,614
PBT	16,300	12,752	17,369	21,295
PAT	15,230	12,226	16,056	21,111
Statements of financial position				
Total assets	87,792	94,412	117,919	138,657
Total liabilities	58,456	58,349	65,700	65,326
Total equity	29,336	36,063	52,219	73,331
Statements of cash flows				
Net cash from operating activities	7,917	22,961	23,557	20,768
Net cash used in investing activities	(6,930)	(1,095)	(638)	(394)
Net cash from/(used in) financing activities	102	(16,546)	(2,806)	(3,049)
Net increase in cash and cash equivalents	1,089	5,320	20,113	17,325
Cash and cash equivalents brought forward	(156)	933	6,447	26,366
Effect of foreign exchange difference	-	194	(194)	(4)
Cash and cash equivalents carried forward	933	6,447	26,366	43,687
Other selected financial information				
EBITDA	20,536	17,729	22,668	26,428
GP margin (%)	22.1	15.5	15.4	11.1
PBT margin (%)	14.0	7.9	9.3	6.1
PAT margin (%)	13.1	7.6	8.6	6.0
Current ratio (times)	1.32	1.37	1.64	2.06
Gearing ratio (times)	1.49	1.35	1.13	0.69
Trade receivable turnover (days)	56	81	77	43
Trade payable turnover (days)	32	16	8	3
Inventories turnover (days)	34	14	15	12

Further details of our Group's financial information are set out in Section 12 of this Prospectus.

3. PROSPECTUS SUMMARY *(cont'd)*

3.11 Dividend Policy

It is our intention to declare and distribute a dividend of 20% of the PAT attributable to owners of our Company. Our ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Our Directors will take into consideration, amongst others, the following factors when declaring any dividends:

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

Investors should note that our intention to declare dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future.

The dividends declared and paid for the FYE 2019 to FYE 2022 and up to the LPD are as follows:

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>1 May 2022 and up to the LPD</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend paid/declared	-	5,500	-	-	-

Further details of our dividend policy are set out in Section 12.11 of this Prospectus.

4. PARTICULARS OF OUR IPO

4.1 Details of Our IPO

4.1.1 Public Issue

Our Public Issue of 135,000,000 IPO Shares at the IPO Price, representing 25.2% of our enlarged issued share capital, is subject to the terms and conditions of this Prospectus and will be allocated in the following manner:

(i) Malaysian Public

26,751,000 IPO Shares, representing 5.0% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which at least 50% is to be set aside for Bumiputera investors.

Any IPO Shares reserved under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (a) firstly, by selected investors as described in Section 4.1.1(iii) of this Prospectus; and
- (b) lastly, by our Underwriter based on the terms of the Underwriting Agreement.

(ii) Eligible Persons

13,376,000 IPO Shares, representing 2.5% of our enlarged issued share capital, will be made available for application by the Eligible Persons.

We will allocate our IPO Shares to the Eligible Persons in the following manner:

Eligibility	Note	No. of persons	Aggregate no. of IPO Shares allocated
Our eligible Directors	(1)	5	850,000
Our eligible employees	(2)	11	3,670,000
Persons who have contributed to the success of our Group	(3)	10	8,856,000
Total		26	13,376,000

4. PARTICULARS OF OUR IPO (cont'd)

Notes:

- (1) The criteria of allocation to our eligible Directors is based on, amongst others, their respective roles, responsibilities and contributions to our Group. The number of IPO Shares to be allocated to our eligible Directors is as follows:

Name	Designation	No. of IPO Shares allocated
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	Independent Non-Executive Chairman	150,000
Mohd Rofzan bin Mohd Latiff	Executive Director	400,000
Dato' Asmuni bin Sudin	Independent Non-Executive Director	100,000
Chan Foong Ping	Independent Non-Executive Director	100,000
Steven Wong Chin Fung	Independent Non-Executive Director	100,000
Total		850,000

- (2) The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, amongst others, the following factors:

- (a) confirmed and employed on a full-time basis;
- (b) length of service;
- (c) seniority, i.e. position/job grade and responsibility; and
- (d) past performance and contributions to our Group.

The number of IPO Shares to be allocated to our key management personnel is as follows:

Name	Designation	No. of IPO Shares allocated
Ong Wen Qin	Group Financial Controller	300,000
Tan Oon Huat	Senior Manager (Planning and Development)	600,000
Yong Zi Fung	Head of Operations (MHC)	1,000,000
Total		1,900,000

- (3) Our IPO Shares to be allocated to the persons who have contributed to the success of our Group (as approved by our Board) comprise our customers, suppliers and business associates and shall be based on amongst others, the nature and terms of their business relationship with us, length of their relationship with us and the level of their contributions and support to our Group.

4. PARTICULARS OF OUR IPO (cont'd)

Any IPO Shares reserved under the Pink Form Allocations which are not taken up will be made available for subscription as follows:

- (a) firstly, by other Eligible Persons (excluding eligible Directors);
- (b) secondly, by the Malaysian Public and selected investors as described in Sections 4.1.1(i) and 4.1.1(ii) of this Prospectus respectively; and
- (c) lastly, by our Underwriter based on the terms of the Underwriting Agreement.

(iii) Placement to selected investors

27,995,000 IPO Shares, representing 5.2% of our enlarged issue share capital, will be made available for application by selected investors (“**Placement Tranche**”).

In the event of under-subscription of the Placement Tranche by the selected investors and subject to the corresponding over-subscription by the Malaysian Public, the remaining portion will be clawed-back and placed to the Malaysian Public as described in Section 4.1.1(i) of this Prospectus.

(iv) Placement to selected Bumiputera investors approved by MITI

66,878,000 IPO Shares, representing 12.5% of our enlarged issue share capital, will be made available for application by selected Bumiputera investors approved by MITI (“**MITI Tranche**”).

In the event of under-subscription of the MITI Tranche by the selected Bumiputera investors and subject to a corresponding over-subscription by the Malaysian Public or over-subscription by selected investors, the remaining portion will be clawed-back and be placed to the investors as follows:

- (a) firstly, the identified institutional investors;
- (b) secondly, the Bumiputera public investors under Section 4.1.1(i) of this Prospectus;
- (c) thirdly, the other Malaysian Public under Section 4.1.1(i) of this Prospectus; and
- (d) lastly, the selected investors under Section 4.1.1(iii) of this Prospectus.

The basis of allocation for our IPO Shares shall take into account our Board’s intention to distribute our IPO Shares to a reasonable number of applicants to broaden our Company’s shareholding base to meet the public spread requirements, and to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Board. There is no over-allotment or “greenshoe” option that will result in an increase in the number of our IPO Shares.

As at the LPD, to the extent known to our Company, there is no person who intend to subscribe for more than 5% of our IPO Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.7 of this Prospectus.

4. PARTICULARS OF OUR IPO (cont'd)

4.2 Basis of Arriving at the IPO Price

Our Directors and Mercury Securities, as our Principal Adviser, Underwriter and Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

(i) Financial and operating history

We recorded an audited consolidated PAT attributable to owners of our Company of RM21.1 million for the FYE 2022, representing an EPS of 5.3 sen (based on our existing issued share capital of 400,020,000 Shares). This EPS translates into a PE Multiple of 6.8 times based on the IPO Price.

Our detailed operating and historical financial performance are set out in Sections 6 and 12 of this Prospectus respectively.

(ii) Pro forma consolidated NA

Our pro forma consolidated NA per Share as at 30 April 2022 of RM0.22 based on our enlarged issued share capital of 535,020,000 Shares upon Listing and after utilisation of proceeds raised from our Public Issue.

(iii) Competitive strengths

Our competitive strengths, which are set out in Section 6.5 of this Prospectus.

(iv) Future plans and strategies and industry overview

Our future plans and strategies and the industry overview, which are set out in Sections 6.22 and 7 of this Prospectus.

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 9 of this Prospectus before deciding to invest in our Shares.

4.3 Share Capital

Upon completion of our IPO, our issued share capital will be as follows:

	No. of Shares	RM
Issued share capital as at the date of this Prospectus	400,020,000	20,001,000
To be issued pursuant to our Public Issue	135,000,000	48,600,000
Enlarged issued share capital upon our Listing	<u>535,020,000</u>	<u>68,601,000</u>
IPO Price		0.36
Market capitalisation upon Listing		192,607,200

As at the date of this Prospectus, we have only 1 class of shares, being ordinary shares, all of which rank equally with each other. Our IPO Shares will, upon allotment and issuance, rank equally in all respects with our existing Shares in issue, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our IPO Shares.

4. PARTICULARS OF OUR IPO (cont'd)

Subject to any special rights attaching to any Shares which may be issued by us in the future, our shareholders shall, in proportion to the amount of Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions and any surplus if our Company is liquidated in accordance with our Constitution and provisions of the Act.

Each of our shareholders shall be entitled to vote at any of our general meetings in person, or by proxy or by other duly authorised representative. Every shareholder present in person or by proxy or by other duly authorised representative shall have 1 vote for each Share held.

4.4 Dilution

Dilution is the amount by which the IPO Price to be paid by investors for our IPO Shares exceeds our pro forma consolidated NA per Share after our IPO and is illustrated as follows:

	<u>RM</u>
IPO Price	0.36
Pro forma consolidated NA per Share as at 30 April 2022 before our Public Issue	(i) 0.18
Pro forma consolidated NA per Share after our Public Issue and utilisation of proceeds raised therefrom	(ii) 0.22
Increase in our pro forma consolidated NA per Share attributable to our existing shareholders	0.04
Dilution in our pro forma consolidated NA per Share to our new investors	0.14
Dilution in our pro forma consolidated NA per Share to our new investors as a percentage of the IPO Price	38.9%

Notes:

- (i) Based on our pro forma consolidated NA of RM73.3 million divided by our issued share capital of 400,020,000 Shares prior to our Listing.
- (ii) Based on our pro forma consolidated NA of RM118.1 million divided by our enlarged issued share capital of 535,020,000 Shares after our Listing.

Save as disclosed below, there has been no acquisition of any of our Shares by our Promoter, substantial shareholder, Directors and/or key management personnel or persons connected with them, or any transaction entered into by them, which grants them the right to acquire any of our Shares from the date of our incorporation up to the date of this Prospectus:

<u>Promoter, substantial shareholder and Director</u>	<u>No. of Shares held before IPO</u>	<u>No. of Shares held from IPO</u>	<u>Total consideration</u>	<u>Effective cash cost per Share</u>
			RM	RM
Heng Chang Hooi	380,020,000	-	19,001,000	0.05

4. PARTICULARS OF OUR IPO (cont'd)**4.5 Utilisation of Proceeds**

The total gross proceeds from our Public Issue will amount to RM48.6 million based on the IPO Price. We expect the proceeds to be used in the following manner:

Purposes	Note	RM'000	%	Estimated timeframe for utilisation from the Listing date
Capital expenditure for new cold storage warehouse	(1)	17,635	36.3	Within 36 months
Working capital	(2)	27,175	55.9	Within 12 months
Estimated listing expenses	(3)	3,790	7.8	Within 3 months
Total		48,600	100.0	

The current allocated utilisation is based on the respective estimated costs as at the LPD. Hence, if the allocated proceeds are insufficient to fund the final amount, we will fund the shortfall from our internally generated funds and/or bank borrowings. Similarly, any surplus from the allocated proceeds will be used for general working capital purposes. Pending the utilisation of the proceeds raised from our Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

Notes:

(1) Capital expenditure for new cold storage warehouse

We intend to allocate RM17.6 million or 36.3% of the gross proceeds from our Public Issue to finance the capital expenditure for a new cold storage warehouse, which will increase our capacity from 700 tonnes to 4,000 tonnes. The new cold storage warehouse is intended to be constructed on our Group's vacant land located at PM 31091, Lot 150651, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang, which is approximately 5 km from the KIFPP Processing Facility and our "MO Wholesale Centre" outlet.

We expect the new cold storage warehouse to have the following specifications:

Floor space	:	28,392 sqf
Proposed use of floor space	:	<ul style="list-style-type: none"> • 6 cold rooms (20,268 sqf) • Anteroom and 5 loading/unloading bays (5,124 sqf) • 3-storey office building (3,000 sqf)

The cold rooms will be used to store frozen seafood supplies and products, chilled meat, frozen meat, fruits and vegetables. The additional storage capacity would facilitate our Group to cater to the growing demand for our frozen seafood and other products. The temperature of these cold rooms can be controlled individually to allow the storage of different products and supplies that are needed to be stored in different temperature range.

The anteroom is to minimise the flow of warmer air into the cold rooms during the loading/unloading of goods at the loading/unloading area. The adjoining 3-storey office building will be used as our administrative office for the operation of our new cold storage warehouse.

4. PARTICULARS OF OUR IPO (cont'd)

The breakdown of the utilisation of proceeds for the new cold storage warehouse, which was derived based on a contractor's quotation, is as follows:

Details	RM'000
Construction of warehouse including a 3-storey office	
• preliminaries, earthworks and piling works	725
• construction costs	4,569
• infrastructural works	618
• others ⁽ⁱ⁾	668
	6,580
Setting up of cold rooms and refrigeration system	
• fittings for cold rooms, refrigeration system, standby generator and switch board	7,739
• electrical works, testing and commissioning	174
• racking system	3,142
	11,055
Total	17,635

Note:

- (i) Mainly comprise firefighting works, installations of roof, sewerage and water reticulation, rain water storage tank system, and utilities works.

For clarification, the above breakdown are indicative and are subject to our acceptance of the final quotation after our IPO. We expect to finalise the building layout plan and obtain approval from the relevant authorities within 6 months upon receipt of the proceeds. We will commence construction thereafter and expect that the new cold storage warehouse will be fully operational within 30 months from the commencement of construction. Please refer to Section 6.22(i) of this Prospectus for further details of the new cold storage warehouse.

(2) Working capital

Raw materials, which mainly comprise fresh and frozen seafood and meat products, are our largest cost of sales item, contributing RM294.7 million or 94.9% of our Group's total cost of sales for the FYE 2022. As such, we intend to allocate RM27.2 million or 55.9% of the gross proceeds from our Public Issue for our purchase of raw materials. The breakdown for each type of raw materials to be purchased cannot be determined at this juncture as it is dependent on our customers' orders and availability of raw materials at the relevant point in time.

This working capital allocation is expected to enhance our Group's liquidity and cash flow position and to reduce our reliance on external financing to support the expected growth of our business as we have been utilising bankers' acceptance to finance our purchases of raw materials from suppliers. As at 30 April 2022, our gearing ratio stood at 0.69 times, of which bankers' acceptance comprise 52.6% of our total borrowings.

4. PARTICULARS OF OUR IPO (cont'd)**(3) Estimated listing expenses**

We intend to allocate RM3.8 million or 7.8% of the gross proceeds from our Public Issue for Listing expenses as follows:

Details	RM'000
Professional fees	1,665
Estimated underwriting, placement and brokerage fees	1,405
Estimated printing and advertising expenses	150
Fees to authorities	56
Miscellaneous expenses and contingencies	514
Total	3,790

4.6 Underwriting Commission, Brokerage and Placement Fees**4.6.1 Underwriting commission**

Our Underwriter has agreed to underwrite 40,127,000 IPO Shares which are available for application by the Malaysian Public and Eligible Persons. We are obliged to pay our Underwriter an underwriting commission at the rate of 3.0% of the total value of the underwritten Shares based on the IPO Price.

4.6.2 Brokerage fee

We will pay brokerage at the rate of 1.0% of the IPO Price in respect of successful Applications bearing the stamp of Mercury Securities, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or our Issuing House.

4.6.3 Placement fee

Our Placement Agent has agreed to place out 94,873,000 IPO Shares as set out in Sections 4.1.1(iii) and 4.1.1(iv) of this Prospectus. We are obliged to pay our Placement Agent a placement fee of up to 3.0% of the value of our IPO Shares to be placed out to selected investors as well as selected Bumiputera investors approved by MITI at the IPO Price.

4.7 Salient Terms of the Underwriting Agreement

On 3 August 2022, we have entered into the Underwriting Agreement with our Underwriter to underwrite 40,127,000 IPO Shares, upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

- (i) The obligations of our Underwriter under the Underwriting Agreement are conditional on certain conditions precedent being satisfied or fulfilled;
- (ii) Notwithstanding anything contained in the Underwriting Agreement, our Underwriter may in its discretion and without liability on its part, by giving notice in writing to us at any time before the closing date of our IPO, terminate, cancel and withdraw their commitment to underwrite our IPO Shares with immediate effect if:
 - (a) any approvals required in relation to our IPO or our Listing is revoked, suspended, withdrawn or ceases to have any effect whatsoever, or is varied or supplemented upon terms that would have or is reasonably likely to have a material adverse effect;

4. PARTICULARS OF OUR IPO *(cont'd)*

- (b) there is any material breach by us of any of our representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given by our Underwriter by the closing date of our IPO or the date of our Listing;
- (c) there is a material failure on our part to perform any of our obligations contained in the Underwriting Agreement including but not limited to the conditions precedent as set out in the Underwriting Agreement;
- (d) there is withholding of information of a material nature from our Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO or our Listing, or the distribution or sale of our IPO Shares;
- (e) there shall have occurred, or happened any material adverse change in the business or financial condition of our Company or our Group from that set out in this Prospectus which is material in the context of the offering of our IPO Shares, our IPO and/or our Listing or any occurrence of any event rendering untrue or incorrect or misleading or not complied with to an extent which is material as aforesaid, any of the representations, warranties and undertakings contained in the Underwriting Agreement hereof as though given or made on such dates up to the date of our Listing;
- (f) the Listing does not take place within 2 months from the date of the Underwriting Agreement or such other extended date as may be agreed by our Underwriter;
- (g) trading of all securities on Bursa Securities has been suspended or other material form of general restriction in trading of securities is imposed for 3 consecutive Market Days or more;
- (h) the closing date of our IPO is not the day and time adopted in this Prospectus or such other extended date as may be agreed in writing by our Underwriter;
- (i) the placement agreement shall have been terminated or rescinded in accordance with its terms or ceased to have any effect whatsoever;
- (j) any commencement of legal proceedings or action against any member of our Group or any of our Directors (excluding our Independent Non-Executive Directors) or major shareholders, which in the opinion of our Underwriter would have or is reasonably likely to have a material adverse effect or make it impracticable to market our IPO or to enforce contracts to allot and/or transfer our IPO Shares;
- (k) any material statements contained in this Prospectus has become or been discovered to be untrue, inaccurate or misleading in any respect;
- (l) the imposition of any moratorium, suspension or material restriction on trading of securities in general on the ACE Market of Bursa Securities due to exceptional financial circumstances which, in the opinion of our Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of our Group, the success of our IPO, or the distribution or sale of our IPO Shares;
- (m) our Company and any of our subsidiaries and/or any of our major shareholders becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as they fall due or enters into any composition or arrangement with its creditors or make a general assignment for the benefits of its creditors;

4. PARTICULARS OF OUR IPO (cont'd)

- (n) there is any government requisition or occurrence of any other nature which materially and adversely affects or will materially and adversely affect the business or financial condition or operation of our Group;
- (o) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day":
 - (aa) on or after the date of the Underwriting Agreement; and
 - (bb) prior to the close of the offering of our Public Issue,

lower than 90% of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least 3 consecutive Market Days or any other adverse change in the market conditions which our Underwriter deems to be sufficiently material and adverse to render it to be a terminating event; or
- (p) there shall have occurred, or happened any of the following circumstances:
 - (aa) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
 - (bb) any new laws or change in laws in any jurisdiction or any event or series of events which could not have been avoided or prevented by reasonable foresight, planning and implementation (including without limitation, pandemics / epidemics, natural disasters, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, riot, uprising against constituted authority, disorder, rebellion, organised armed resistance to the government, insurrection, revolt, military or usurped power, sabotage, acts of war or accidents). For the avoidance of doubt, the foregoing shall exclude any movement control order(s) issued under the Prevention and Control of Infectious Diseases Act 1988 and/or the Police Act 1967 or otherwise by the Government amid the existing COVID-19 pandemic,

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or financial condition or the operations of our Group as a whole or the success of our IPO or our Listing or which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

5. INFORMATION ON OUR GROUP

5.1 History

We are principally involved in the processing and trading of frozen seafood products as well as trading of other products.

Our Group's history can be traced back to 16 February 2012 when our founder and Managing Director, Heng Chang Hooi incorporated MO. MO was incorporated in anticipation of the business growth of MO Frozen Food, a sole proprietorship established in 2010 by Heng Chang Hooi to trade seafood and other products in Kuantan, Pahang and as part of Heng Chang Hooi's plan to corporatize "MO Frozen Food"'s business. MO commenced operations upon its incorporation when it began to operate its first outlet under the "MO Foodmart™" trade name in Kuantan, Pahang. This outlet was previously operated under the "MO Frozen Food" trade name through MO Frozen Food.

In an effort to secure a consistent supply of frozen seafood products and to have control over the quality of the frozen seafood products sold, MHC was incorporated on 16 July 2012 to undertake processing of frozen seafood products. We set up a processing facility with a built-up area of approximately 12,600 sqf in LKIM Complex, Kuantan, Pahang in the same year to undertake the cleaning and cutting of seafood as well as freezing of seafood using semi-contact blast freezers. In addition to the sales of chilled and frozen seafood products at our outlet, we were able to sell our products to wholesalers, food manufacturers and retailers by leveraging on our Group's business network.

In 2014, we expanded our business to Kemaman, Terengganu with the establishment of our first "MO Foodmart™" outlet in the state. This outlet is located near to the Kemaman port, allowing us to tap into demand from crew members of vessels docking at the Kemaman port as well as other end-customers in that area. In view of the growing demand from our customers in Terengganu and Pahang, we have set up an additional "MO Foodmart™" outlet in Kemaman, Terengganu in 2015 and an additional "MO Foodmart™" outlet in Pekan, Pahang in 2016.

In March 2016, we entered into the ECERDC Commercial Agreement which granted us the rights to commercially invest in, operate and manage the KIFPP Processing Facility. The KIFPP Processing Facility is owned by the LKIM and constructed by the ECERDC. Pursuant to the ECERDC Commercial Agreement, we entered into the LKIM Lease Agreement for a lease of the KIFPP Processing Facility. At the same time, we also obtained income tax exemption for a period of 10 years commencing from the year of assessment 2018 up to the year of assessment 2027 from the Malaysian Investment Development Authority as approved under the Income Tax (Exemption) (No. 6) 2016/P.U.(A) 159/2016, Income Tax Act 1967. Please refer to Section 6.19 of this Prospectus for the salient terms of the ECERDC Commercial Agreement and the LKIM Lease Agreement.

We then renovated and set up the KIFPP Processing Facility, which has a larger built-up area of approximately 25,952 sqf, and relocated our processing activities to the KIFPP Processing Facility in April 2018. After the relocation, we continued the lease of the facility in LKIM Complex, Kuantan, Pahang for use as our cold room facility for frozen meat products until the termination of the lease in June 2020. With the larger built-up area of the KIFPP Processing Facility, we were able to equip the KIFPP Processing Facility with additional machinery and equipment such as the IQF freezer, defrosting machine, vacuum and skin packaging machines as well as a larger cold room. This has allowed us to process a wider range of frozen seafood products and in a more efficient manner. Our larger cold room also allow us to store more frozen seafood products and better maintain the freshness and quality of our products.

5. INFORMATION ON OUR GROUP *(cont'd)*

In 2018, we obtained independent certifications for food quality and safety standard compliance, such as the ISO 22000:2005, HACCP, GMP and MESTI Secure Food Certification Scheme for the KIFPP Processing Facility. Our ability to obtain these certifications highlights our Group's capabilities to meet local and international standards and regulations. In the same year, we also opened a "MO Foodmart™" outlet in Paka, Terengganu.

In 2019, the KIFPP Processing Facility was also 'Halal' certified by JAKIM, thus providing assurance that our frozen seafood products are processed in a 'Halal' manner. These certifications are beneficial to our Group as they allow us to expand and penetrate international markets in the Asia Pacific and the Middle East.

In January 2020, we opened our first "MO Wholesale Centre" outlet in Kuantan, Pahang, a larger grocery outlet which carries our frozen seafood products in all kinds of packaging and a wider range of other products. "MO Wholesale Centre" outlet is also our Group's distribution centre where all other products which are externally sourced (i.e. products not processed in our KIFPP Processing Facility) are inspected, sorted and prepared before they are distributed to our "MO Foodmart™" outlets.

In March 2020, we set up our head office in UOA Business Park, Selangor to support customers' orders in the central region as well as additional support for our Group's procurement, finance and administrative functions.

We launched our online marketplace, "MO Signature™" in June 2020. "MO Signature™" serves as an additional sales channel for our frozen seafood and other products which allows us to reach out directly to end-customers in the Central and East Coast regions of Peninsular Malaysia. The implementation of the MCO has resulted in a shift towards purchasing goods, including frozen seafood products, through online marketplaces, which is evidenced by the surge in online sales by 28.9% in April 2020 (Source: IMR Report).

In April 2021, we were registered with the CAIQ, a national public institute in China which is responsible for the consultation, training, testing and inspection, filing and traceability of products exported into the country. Our CAIQ registration enhances the credibility of our frozen seafood products and thereby our reputation in China.

Over the years, we have successfully grown and evolved into one of the established frozen seafood processor, wholesaler and trader in Malaysia, with the KIFPP Processing Facility, 6 "MO Foodmart™" outlets, 1 "MO Wholesale Centre" outlet and our "MO Signature™" online marketplace.

Please refer to Section 6 of this Prospectus for further details of our Group's business.

5.2 Key Achievements and Milestones

The table below sets out the key milestones and achievements in the history and development of our Group's business operations:

Year	Key Milestones / Achievements
2012	<ul style="list-style-type: none"> • Commencement of our Group with the incorporation of MO • Operated our first "MO Foodmart™" outlet in Kuantan, Pahang • Set up a processing facility in LKIM Complex, Kuantan, Pahang to undertake the cleaning, cutting and freezing of seafood
2014	<ul style="list-style-type: none"> • Opened our first "MO Foodmart™" outlet in Kemaman, Terengganu
2015	<ul style="list-style-type: none"> • Opened an additional "MO Foodmart™" outlet in Kemaman, Terengganu
2016	<ul style="list-style-type: none"> • Entered into the ECERDC Commercial Agreement • Opened an additional "MO Foodmart™" outlet in Pekan, Pahang
2017	<ul style="list-style-type: none"> • Obtained income tax exemption for a period of 10 years commencing from the year of assessment 2018 up to the year of assessment 2027

5. INFORMATION ON OUR GROUP (cont'd)

Year	Key Milestones / Achievements
2018	<ul style="list-style-type: none"> Relocated our processing operations to the KIFPP Processing Facility Expanded our processing capability with the acquisition of new machineries and equipment such as the IQF freezer, defrosting machine, vacuum and skin packaging machines, and larger cold room Obtained the ISO 22000:2005, HACCP, GMP and MESTI Secure Food Certification Scheme Opened an additional "MO Foodmart™" outlet in Paka, Terengganu
2019	<ul style="list-style-type: none"> Obtained 'Halal' certification from JAKIM Begun exporting to Saudi Arabia, China and the Philippines Opened our "MO Wholesale Centre" outlet in Kuantan, Pahang
2020	<ul style="list-style-type: none"> Begun exporting to the UAE Launched our online marketplace, "MO Signature™"
2021	<ul style="list-style-type: none"> Registered with the CAIQ

5.3 Our Company

Our Company was incorporated in Malaysia under the Act on 6 September 2019 as a private limited company under the name of PT Resources Holdings Sdn Bhd and was subsequently converted to a public limited company on 21 September 2020.

Our principal activity is investment holding and provision of management services. Through our subsidiaries, our Group is principally involved in the processing and trading of frozen seafood products as well as trading of other products.

As at the LPD, our issued share capital is RM20,001,000 comprising 400,020,000 Shares. The movements in our issued share capital since the date of our incorporation are set out below:

Date of allotment	No. of Shares allotted	Consideration / Nature of transaction	Cumulative issued share capital	
			RM	No. of Shares
6 September 2019	1,000	Cash / Subscribers' shares	1,000	1,000
3 September 2020	19,000	Otherwise than cash / Subdivision of shares	1,000	20,000
22 December 2020	400,000,000	Otherwise than cash / Allotment of Shares pursuant to the Acquisitions	20,001,000	400,020,000

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital. In addition, there are no discounts, special terms or instalment payment terms applicable to the payment of the consideration for the above allotments.

Upon completion of our IPO, our enlarged issued share capital will increase to RM68,601,000 comprising 535,020,000 Shares.

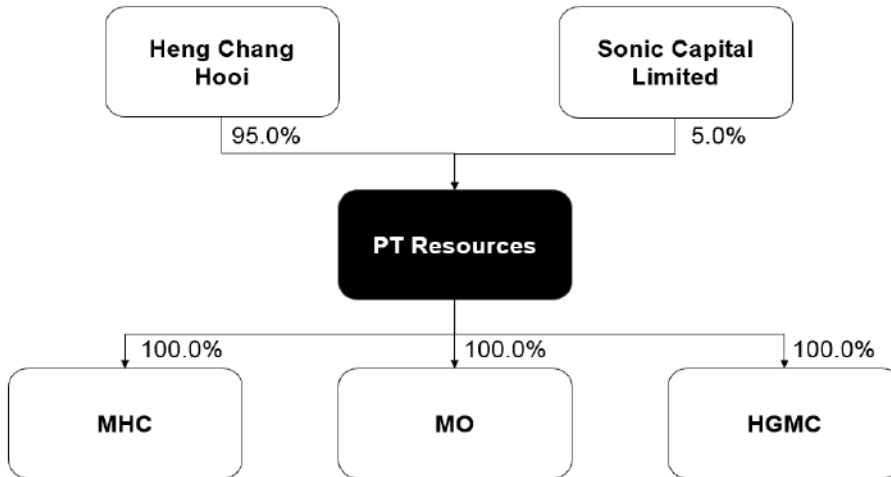
5. INFORMATION ON OUR GROUP *(cont'd)*

5.4 Our Group

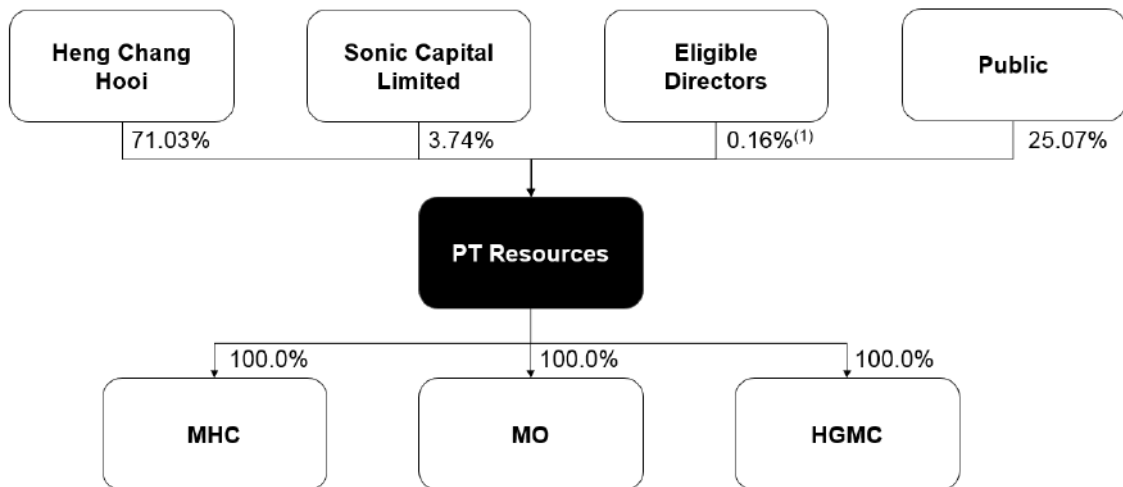
5.4.1 Group structure

Our group structure before and after our Listing are as follows:

Before our Listing



After our Listing



Note:

(1) Assuming our Directors fully subscribe for his/her allocation under the Pink Form Allocations.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.4.2 Acquisitions

Our Group was formed when our Company entered into a share swap and restructuring agreement on 6 August 2020 to acquire the entire issued share capital of:

- (i) MHC comprising 4,500,000 ordinary shares from MHC Consolidated Sdn Bhd (currently known as Meng How Group) for a purchase consideration of RM14,560,000, which was satisfied via the issuance of 291,200,000 new Shares at an issue price of RM0.05 per Share to Heng Chang Hooi (the controlling shareholder of MHC Consolidated Sdn Bhd at that time). The purchase consideration of RM14,560,000 was arrived at after taking into consideration MHC's adjusted NA of RM18,025,641 as at 30 April 2019 (adjusted for the dividend payment of RM5,500,000 on 15 April 2020). The acquisition of MHC was completed on 22 December 2020.
- (ii) MO comprising 2,000,000 ordinary shares from the vendors of MO for a purchase consideration of RM5,150,000, which was satisfied via the issuance of 103,000,000 new Shares at an issue price of RM0.05 per Share. The purchase consideration of RM5,150,000 was arrived at after taking into consideration MO's audited NA of RM5,150,801 as at 30 April 2019. The acquisition of MO was completed on 22 December 2020.

The details of the vendors of MO and the number of Shares issued to them pursuant to the acquisition of MO are as follows:

Vendor	Shareholding in MO		Purchase consideration	No. of Shares issued
	No. of shares	%	RM	
Heng Chang Hooi	1,611,650	80.6	4,150,000	83,000,000
Sonic Capital Limited ⁽¹⁾	388,350	19.4	1,000,000	20,000,000
Total	2,000,000	100.0	5,150,000	103,000,000

Note:

- (1) Sonic Capital Limited was incorporated in Hong Kong on 28 February 2020 as a private limited company and is principally an investment holding company. Its directors and shareholders are Tan Choo Teck and Lee Wai Kit.

Sonic Capital Limited became a shareholder of MO on 4 June 2020 via the acquisition of 388,350 ordinary shares in MO from Heng Cho Seng for a cash consideration of RM388,350.

- (iii) HGMC comprising 100,000 ordinary shares from Heng Chang Hooi for a purchase consideration of RM290,000, which was satisfied via the issuance of 5,800,000 new Shares at an issue price of RM0.05 per Share. The purchase consideration of RM290,000 was arrived at after taking into consideration HGMC's audited NA of RM292,036 as at 30 April 2019. The acquisition of HGMC was completed on 22 December 2020.

As at the LPD, our Group does not have any joint venture or associate company.

5. INFORMATION ON OUR GROUP *(cont'd)*

5.4.3 Our subsidiaries

The details of our subsidiaries are set out below:

Name / Registration no.	Date / Place of incorporation	Principal place of business	Issued share capital	Effective equity interest	Principal activities
MHC (201201025648 (1010138-W))	16 July 2012 / Malaysia	Malaysia	RM4,500,000	100%	Processing of frozen seafood products at the KIFPP Processing Facility and trading of frozen seafood products
MO (201201004902 (978427-V))	16 February 2012 / Malaysia	Malaysia	RM2,000,000	100%	Retail trading of frozen seafood and other products via "MO Foodmart™" outlets located in Pahang and Terengganu as well as our online marketplace, "MO Signature™"
HGMC (201501000771 (1126103-K))	7 January 2015 / Malaysia	Malaysia	RM100,000	100%	Retail trading of frozen seafood and other products via "MO Wholesale Centre" and "MO Foodmart™" outlets located in Pahang

Save as disclosed below, there has been no changes in the issued share capital of MHC, MO and HGMC for the FYE 2019 to FYE 2022 and up to the LPD:

Date of allotment	No. of shares allotted	Consideration / Nature of transaction	Cumulative issued share capital	
			RM	No. of shares
HGMC				
8 May 2020	99,998	Cash / Allotment of shares	100,000	100,000

None of the shares were issued at a discount, on special terms or based on instalment payment terms.

6. BUSINESS OVERVIEW


6.1 Overview

Our Group is principally involved in the processing and trading of frozen seafood products, and trading of other products. Over the past 4 financial years, we sell our products domestically in Malaysia and export directly to our customers in the international market such as Saudi Arabia, China, the Philippines and the UAE.

We procure wild-caught and farm-raised seafood supplies from local and international wholesalers, aquaculture farms and fishing enterprises. We also procure other products from local and international wholesalers. We process our frozen seafood products in the KIFPP Processing Facility which is strategically located in close proximity to the fish landing jetty in LKIM Complex, Kuantan, Pahang. Currently, there are two seafood processing facilities, including us, located at the KIFPP, of which we are the anchor company. Our frozen seafood products are sold to wholesalers, food manufacturers and retailers.

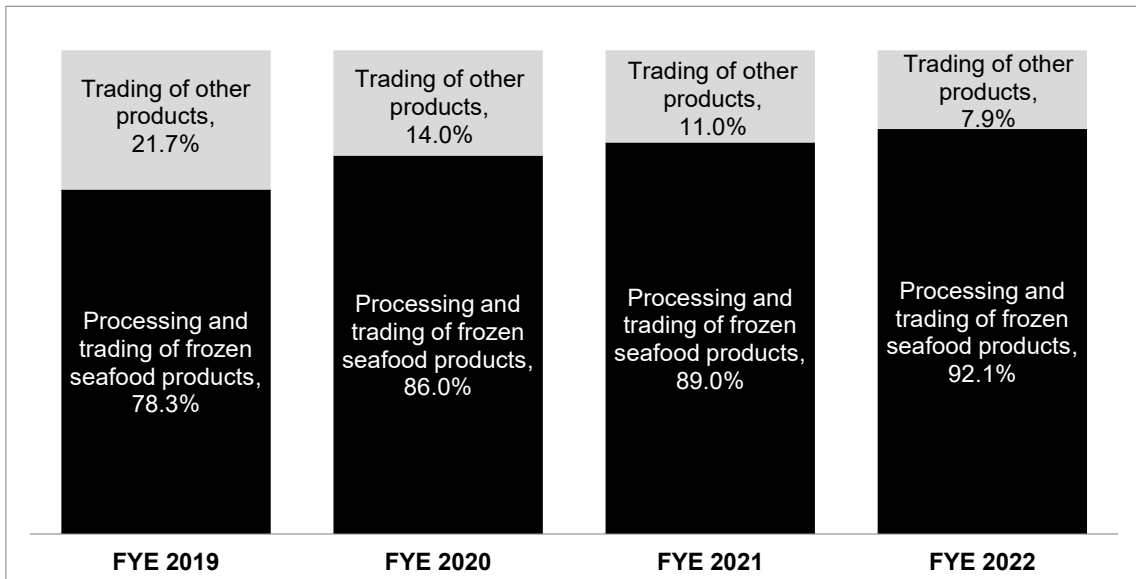
In addition, we also sell our frozen seafood and other products through our own outlets and our own online marketplace, “MO Signature™”, to reach out directly to the end-customers. As at the LPD, we own and operate 6 “MO Foodmart™” outlets and 1 “MO Wholesale Centre” outlet located in Pahang and Terengganu. The diagram below illustrates the segments in which our Group is principally involved in:



Note:  Denotes the segment that our Group is principally involved in

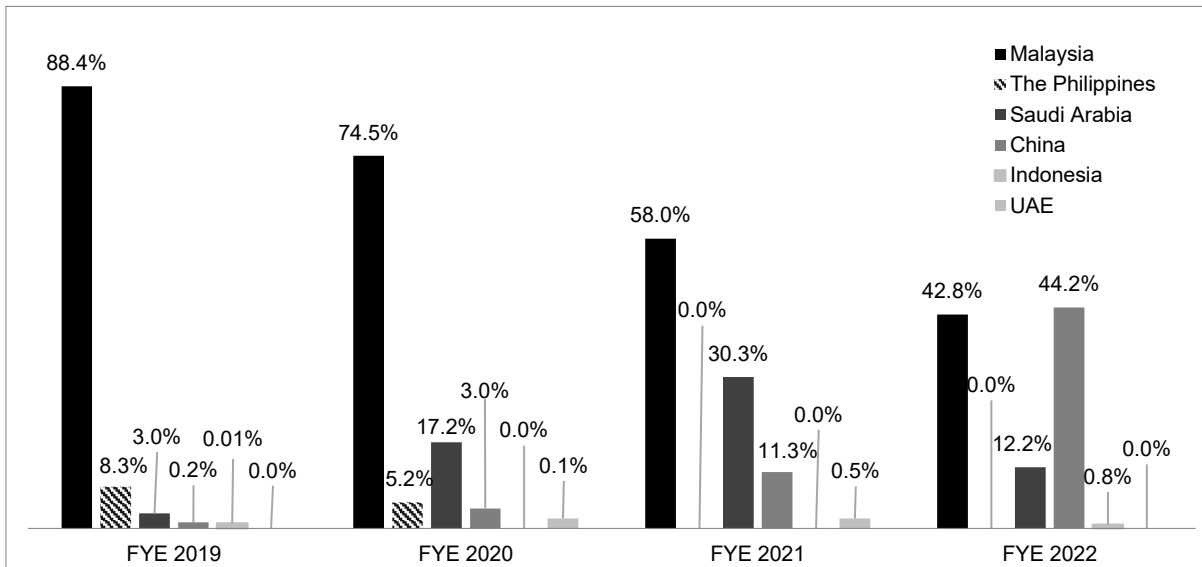
6. BUSINESS OVERVIEW (cont'd)

Our segmental revenue for the FYE 2019 to FYE 2022 are as follows:



Our Group's revenue is mainly derived from the processing and trading of frozen seafood products, which has been progressively growing from the FYE 2019 to FYE 2022. Between the FYE 2019 and FYE 2022, the percentage contribution from the processing and trading of frozen seafood product segment grew from 78.3% to 92.1% of our Group's total revenue.

The breakdown of our Group's segmental revenue by geographical locations for the FYE 2019 to FYE 2022 are as follows:



The increase in revenue contribution from the international market was mainly due to increased acceptance of our Group's frozen seafood products in the international market as a result of amongst others, our Group obtaining various independent certifications for food quality and safety standard compliance, introduction of frozen seafood products processed using the IQF technology, and marketing of our frozen seafood products through exhibitions and business referrals. This increase was partially offset by a decrease in local sales mainly as a result of lower traffic at our outlets following the imposition of the MCOs by the Malaysian Government. For information purposes, there was no revenue from the Philippines in the FYE 2021 and FYE 2022 as our customers in the Philippines were not able to place orders with us due to import quota as well as a shift in our focus to the Middle East and China markets.

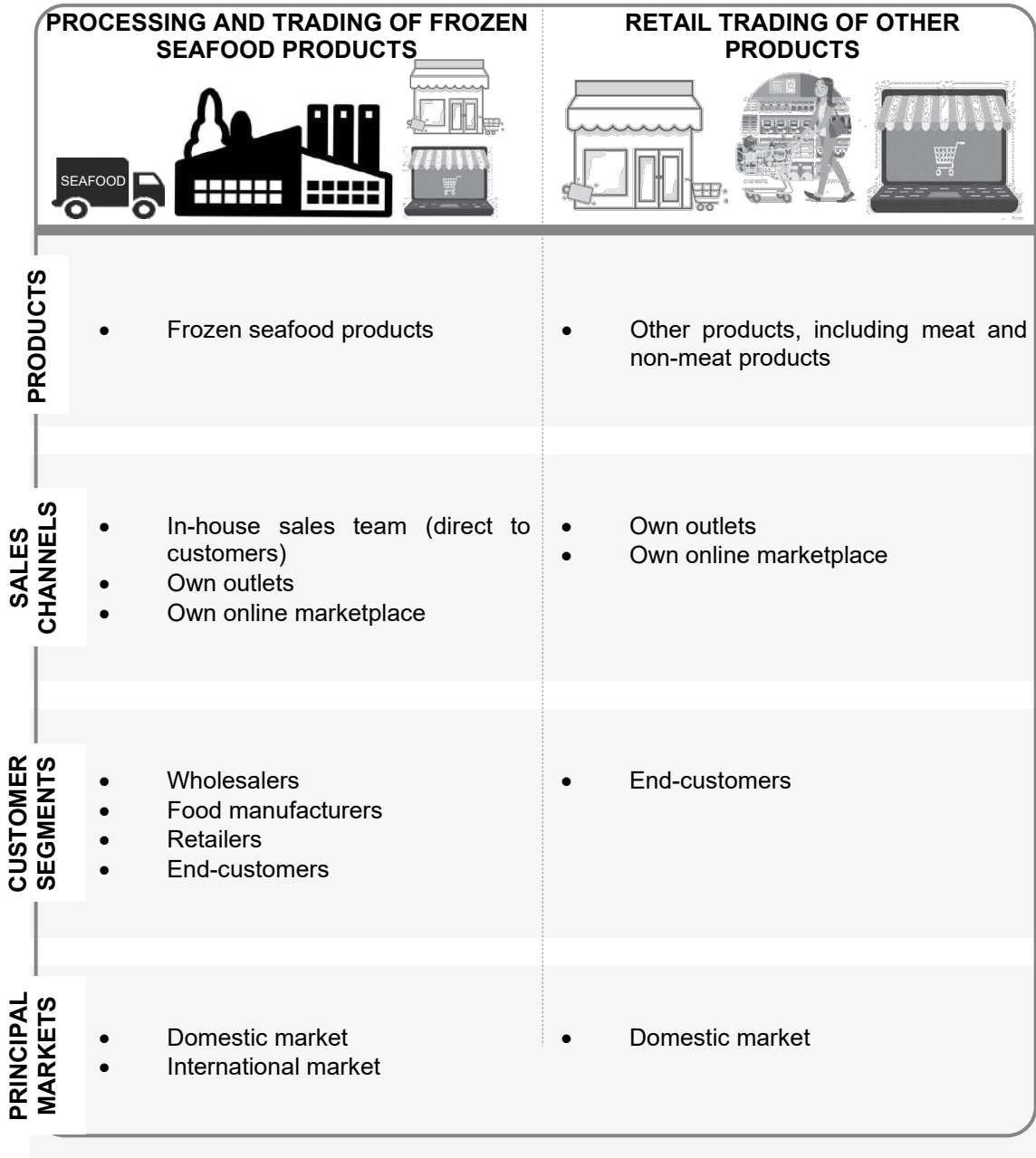
6. BUSINESS OVERVIEW (cont'd)

6.2 Principal Business Activities

Our Group is principally involved in the following business activities:

- (i) processing and trading of frozen seafood products; and
- (ii) retail trading of other products.

The following diagram illustrates our Group's business segments:



6. BUSINESS OVERVIEW (cont'd)

(i) Processing and trading of frozen seafood products

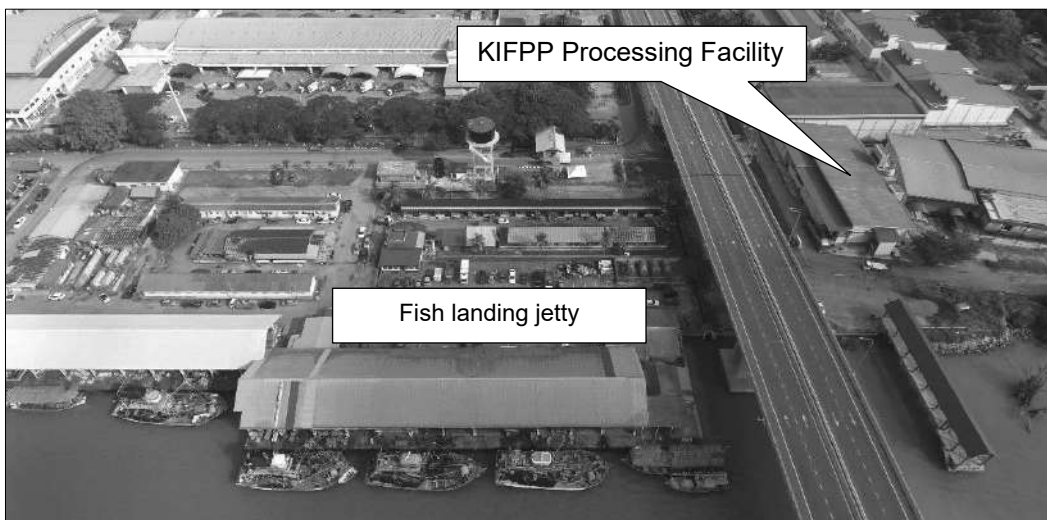
The KIFPP Processing Facility is strategically located near the fish landing jetty in LKIM Complex, Kuantan, Pahang, one of the busiest fish landing jetties in the Peninsular Malaysia (according to the IMR Report). The KIFPP Processing Facility is well-equipped to undertake the following processing activities of a variety of frozen seafood products:

- defrosting;
- cleaning and cutting;
- freezing using IQF freezer and semi-contact blast freezer;
- glazing;
- packaging such as master packaging as well as vacuum and skin packs; and
- cold room.

The pictures below show the KIFPP Processing Facility and its location:



KIFPP Processing Facility



Proximity of the KIFPP Processing Facility to the fish landing jetty in LKIM Complex

6. BUSINESS OVERVIEW *(cont'd)*

We have access to a network of suppliers (i.e. local and international wholesalers, aquaculture farms and fishing enterprises) which allows us to source for a wide variety of seafood supplies that are either wild-caught or farm-raised. These supplies can be either locally sourced or imported.

We utilise IQF technology in our processing activities, which is a quick and efficient way of freezing individual seafood product units to reach a temperature of between -20°C to -25°C. This process significantly reduces ice crystals formation, which preserves the quality and freshness of our frozen seafood products in terms of shape, colour and taste. We also utilise semi-contact blast freezers for freezing of large-sized seafood supplies as well as other machineries to undertake cutting, glazing and packaging activities in a temperature-controlled environment.

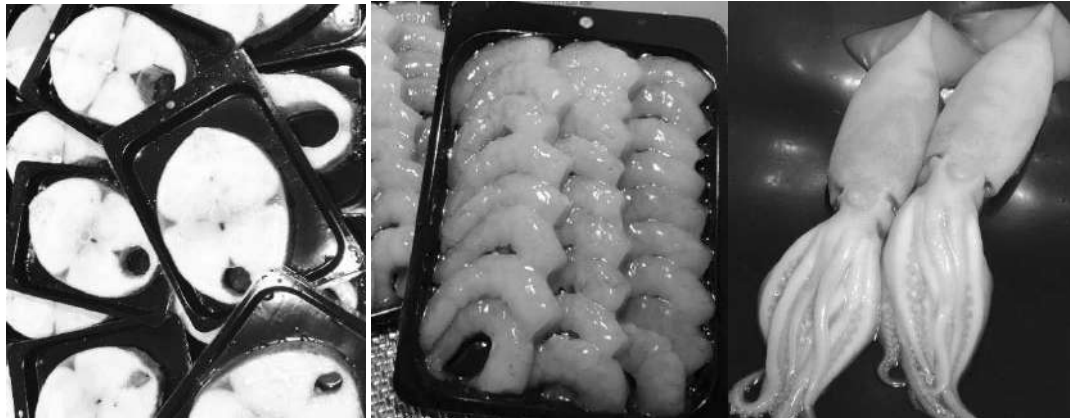
The KIFPP Processing Facility is equipped with a cold room which allows us to store our frozen seafood products while maintaining their freshness and quality prior to delivery to our customers or our own outlets. Our frozen seafood products are typically stored in our cold room for a period of 2 to 3 weeks prior to delivery to our customers and our own outlets. Our frozen seafood products have a shelf life of up to 18 months while still maintaining the products' quality and freshness. In the event there is insufficient space at our cold room in the KIFPP Processing Facility, we store our frozen seafood products in third-party cold room facilities.

As an assurance of our frozen seafood product quality and safety, we have obtained independent certifications for the KIFPP Processing Facility for food quality and safety standard compliance, such as the ISO 22000:2005, HACCP, GMP and MeSTI Secure Food Certification Scheme. Our ability to obtain these independent certifications highlights our Group's capabilities to meet local and international standards and regulations. In addition, we have also obtained 'Halal' certification from JAKIM for the KIFPP Processing Facility, which provides assurance that our frozen seafood products are processed in a 'Halal' manner. These certifications are beneficial to our Group as they allow us to expand and penetrate international market in the Asia Pacific and the Middle East.

Our frozen seafood products which are sold in bulk to wholesalers, food manufacturers and retailers, are typically packaged in the form of master packaging which are generally labelled and branded according to our customers' specifications and requirements. Our products are also packaged in the form of vacuum and skin packs. Please refer to Section 6.6.1(vii) of this Prospectus for further details on our packaging of frozen seafood products. Our products are typically sold under our own brand, i.e. "MyLaut", unless otherwise requested by our customers. Our "MyLaut" frozen seafood products are mainly sold locally through our own outlets and our online marketplace, "MO Signature™", of which the contribution from these channels were between 8.7% and 24.1% of our Group's total revenue for the FYE 2019 to FYE 2022.

6. BUSINESS OVERVIEW (cont'd)

Examples of our frozen seafood products are illustrated below:



Fish	Prawn	Squid
------	-------	-------

We own a fleet of refrigerated and non-refrigerated vehicles which are used to deliver our products to customers in the East Coast region of Peninsular Malaysia. The delivery of frozen seafood products to customers located in other regions in Malaysia are undertaken by third-party delivery companies. Meanwhile, the delivery of frozen seafood products to international customers will be handled by appointed forwarding agents.

(ii) Retail trading of other products

We also sell the following other products which are externally sourced through our own outlets and our online marketplace in order to provide a more comprehensive range of products to end-customers:

- (a) chilled and frozen meat (i.e. poultry, beef, lamb and mutton) which are 'Halal'-certified as well as ready-to-eat and ready-to-cook meat and seafood products; and
- (b) non-meat products (i.e. fruits and vegetables, staple food, beverages and non-food products such as tissue and cleaning solutions).

In order to facilitate the sales of meat products, we also provide ancillary services at our own outlets such as deboning, cutting, slicing and mincing of meat.

6.3 Own Outlets and Online Marketplace

As at the LPD, our Group owns and operates physical outlets under 2 trade names, namely "MO Foodmart™" and "MO Wholesale Centre". These 2 trade names are operated under different concepts as follows:

- (i) "MO Foodmart™" outlets generally focus on selling our frozen seafood products packaged in vacuum and skin packs as well as a limited range of other products (i.e. poultry, beef, lamb and mutton, ready-to-eat and ready-to-cook meat and seafood products, and non-meat products such as eggs) to complement our frozen seafood products; and
- (ii) "MO Wholesale Centre" is a larger grocery outlet which carries our frozen seafood products in all kinds of packaging (i.e. master packaging, vacuum pack and skin pack) as well as a wider range of other products.

6. BUSINESS OVERVIEW (cont'd)

The pictures below illustrate these 2 types of outlets:



"MO Foodmart™" outlet



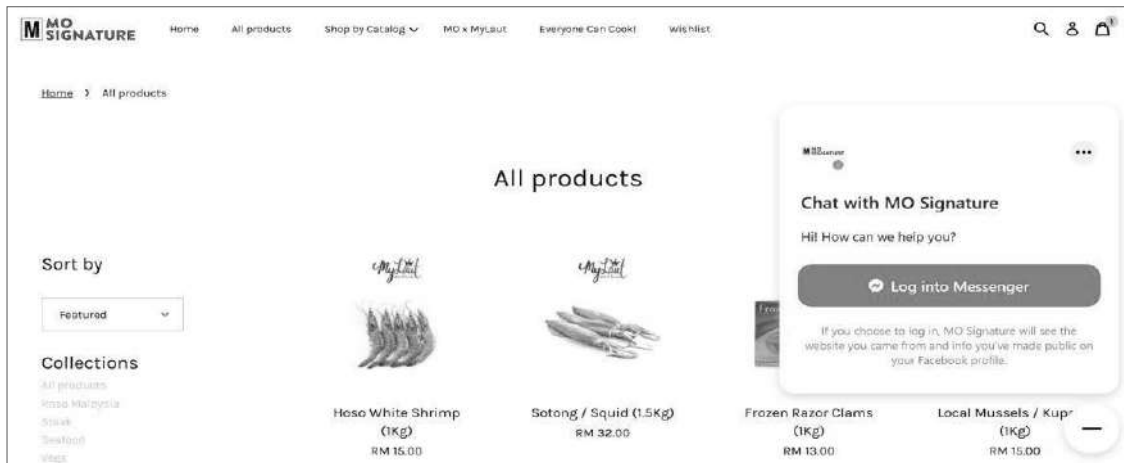
"MO Wholesale Centre" outlet

As at the LPD, we own and operate 6 "MO Foodmart™" outlets located in Pahang and Terengganu, and 1 "MO Wholesale Centre" outlet located in Pahang.

We also sell frozen seafood and other products via our online marketplace, "MO Signature™", which was launched in June 2020. Our online marketplace is a web-based marketplace where users can browse and purchase frozen seafood and other products. Our products are delivered to customers in the Central and East Coast regions of Peninsular Malaysia either using our vehicles or through appointed delivery companies.

6. BUSINESS OVERVIEW (cont'd)

The sample interface of “MO Signature™” is as follows:



Our outlets and online marketplace act as additional sales channels to market and sell our frozen seafood products.

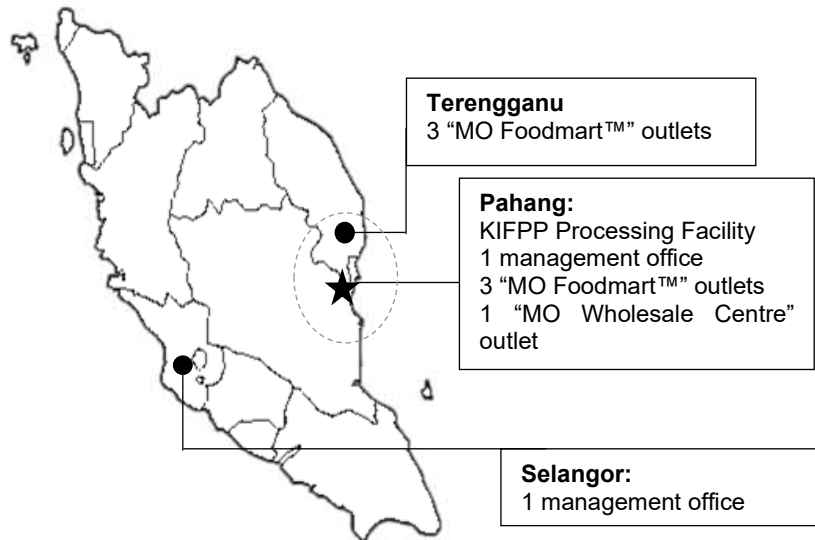
THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW (cont'd)

6.4 Location of Operations

The KIFPP Processing Facility is located in Pahang. We have 2 management offices in Pahang and Selangor. We also own and operate 6 “MO Foodmart™” outlets located in Terengganu and Pahang and 1 “MO Wholesale Centre” outlet in Pahang.

Our locations of operations are as illustrated below:



The roles of the abovementioned locations of operations are as follows:

Operational facilities	Main functions	Address
KIFPP Processing Facility	Processing and storage of frozen seafood supplies and products	KIFPP, Jalan Seri Kemunting 2, 25100 Tanah Putih, Kuantan, Pahang
Management office	Sales, procurement, finance and/or administrative functions	<ul style="list-style-type: none"> • KIFPP, Jalan Seri Kemunting 2, 25100 Tanah Putih, Kuantan, Pahang • Unit K3-5-12, Tower 3, UOA Business Park, Jalan Pengaturcara U1/51A, Section U1 Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor
“MO Foodmart™” outlets	Trading of frozen seafood and other products	<ul style="list-style-type: none"> • B22 & 24, Lorong Seri Damai Perdana 57, Jalan Gambang, 25150 Kuantan, Pahang • Ground Floor, No. B2/1470, Perkampungan Balok Permai, Jalan Kuantan-Kemaman, 26000 Kuantan, Pahang • Ground Floor, No. 41, Ground Floor, Jalan Sultan Abdullah, 26600 Pekan, Pahang • Ground Floor, Lot 1052 and 1053, and 2nd Floor, Lot 1052, Jalan Sulaimani, 24000 Kemaman, Terengganu • Ground Floor and Basement Floor, K-90K, Taman Idaman, Jalan Jakar, 24000 Kemaman, Terengganu • Lot 8217, Jalan Besar, Kampung Cacar Baru, 23100 Paka, Terengganu

6. BUSINESS OVERVIEW (cont'd)

Operational facilities	Main functions	Address
"MO Wholesale Centre" outlet	Trading and storage of frozen seafood and other products, as well as distribution centre	Kompleks Pasar Borong Baru Kemunting Kuantan, Jalan Kemunting 2, 25100 Kuantan, Pahang

As at the LPD, we have a fleet of 5 refrigerated and 2 non-refrigerated vehicles to provide delivery services to local customers in the East Coast region of Peninsular Malaysia.

6.5 Competitive Strengths

Our competitive advantages and key strengths are as follows:

(i) The KIFPP Processing Facility is equipped to produce quality frozen seafood products

The KIFPP Processing Facility is equipped with the following machineries:

- (a) IQF freezer** – We utilise IQF freezing in our processing activities, which is a quick and efficient way of freezing individual seafood product units between -20°C to -25°C. The IQF technology allows for the preservation of quality and freshness of our frozen seafood products in terms of shape, colour and taste;
- (b) Semi-contact blast freezer** – Similar to the IQF freezer, the semi-contact blast freezer rapidly freezes seafood supplies between -20°C to -25°C, and allows for the preservation of quality and freshness of our frozen seafood products in terms of shape, colour and taste. Semi-contact blast freezers supplement the IQF freezer as it allows for the freezing of large-sized seafood;
- (c) Freezer hardener** – We use a freezer hardener to undertake the glazing process which forms a protective layer of ice on the product's surface, therefore extending its shelf life; and
- (d) Defrosting machine** – Imported seafood supplies are typically frozen on board the fishing vessels and delivered to us in the form of frozen blocks. The defrosting machine is important to maintain the quality of frozen seafood supplies as if they are left to defrost at room temperature or over a long span of time, as the seafood supplies may deteriorate or be contaminated. As such, we use a defrosting machine to ensure seafood supplies are defrosted at optimal temperature to minimise contamination risks and product deterioration.

With our IQF freezer and semi-contact blast freezers, we are able to produce individually frozen units of frozen seafood products. Individually frozen seafood products benefits end-customers as they can defrost and consume the exact quantity required, without damaging the remaining frozen seafood products in the same packaging. This differentiates our products from frozen seafood products that are frozen in blocks.

In order to enhance the quality and freshness of our frozen seafood products, we supplement our IQF freezer and semi-contact blast freezers by utilising a freezer hardener to undertake the glazing process, and a defrosting machine to minimise contamination and product deterioration when defrosting frozen blocks of seafood supplies.

The abovementioned machineries are essential in enabling us to consistently provide quality products to meet customers' demand.

6. BUSINESS OVERVIEW (cont'd)

(ii) We are able to maintain a consistent supply of frozen seafood products throughout the year

Fishing activities are highly seasonal and may be subject to factors such as weather conditions and fish population. As such, certain wild-caught seafood supply types may not be available throughout the year and the volume of wild-caught seafood supplies may not be sufficient to fulfil market demand.

Nonetheless, we are able to maintain a consistent supply of frozen seafood products throughout the year due to the following:

- (a) We have a network of suppliers comprising local and international wholesalers, aquaculture farms and fishing enterprises

Certain types of seafood supplies are seasonal and the availability are subject to factors such as weather conditions and climate. As such, certain seafood supplies may not be available in certain countries/regions throughout the year. With a wide network of local and international wholesalers with supplies from different countries/regions throughout the world, we are less dependent on these seasonal factors. When a particular country/region does not have supply for certain seafood supplies due to seasonal, weather and climate factors, we are able to approach suppliers in other countries/regions for supply. Thus, we are able to fulfil our customers' orders throughout the year.

In addition, our supplies not only include wild-caught seafood supplies procured from wholesalers and fishing enterprises, but also farm-raised seafood supplies procured from wholesalers and aquaculture farms. Aquaculture farming is not seasonal as it is not dependent on factors such as weather conditions and fish populations. As such, farm-raised seafood supplies procured from aquaculture farms typically fulfils this demand-supply gap created from the seasonal nature of fishing activities.

- (b) We have a cold room which allows us to store our frozen seafood supplies and products, while maintaining their freshness and quality

We are able to store frozen seafood supplies and products in our cold room located at the KIFPP Processing Facility, especially when there are surplus in seafood supplies. This will allow us to meet customers' demand even when seafood supplies are low and/or offer shorter lead time to our customers.

Our ability to maintain a consistent supply of frozen seafood products throughout the year is beneficial in order to stay ahead of competition in the frozen seafood processing industry.

(iii) We are compliant with locally and internationally recognised quality and food safety management certifications

Our Group recognises the importance of providing quality products consistently to ensure customer satisfaction and secure repeat orders from our customers. This is particularly essential in the frozen seafood processing business where quality and freshness of products are key in maintaining a good reputation in the industry.

6. BUSINESS OVERVIEW *(cont'd)*

The KIFPP Processing Facility has been designed to meet QC measures for hygiene and food safety. Our QC procedures are implemented throughout our process flow, from receipt, defrosting and sorting of supplies to cleaning and cutting, freezing, glazing and packaging (further details are elaborated in Section 6.6.1 of this Prospectus). We also undertake QA measures to ensure product safety and quality such as filtration of water used in the KIFPP Processing Facility, hygiene procedures, temperature control, routine maintenance of cold room and refrigerated vehicles.

As a testament, we have obtained quality and food safety management certifications, including the ISO 22000:2005 (which sets out the requirements for a food safety management system), HACCP and GMP as well as the MeSTI Secure Food Certification Scheme.

We have also obtained 'Halal' certification from JAKIM which provides assurance that our frozen seafood products are processed in a 'Halal' manner. The 'Halal' certification is beneficial to our Group as it allows us to target a wider market.

The abovementioned certifications are locally and internationally recognised and provide us with the capability to expand our presence in Malaysia, as well as penetrate into markets beyond Malaysia such as the Asia Pacific and the Middle East.

(iv) The KIFPP Processing Facility is strategically located

The KIFPP Processing Facility is strategically located at close proximity (within 0.5 km) to the fish landing jetty in LKIM Complex in Kuantan.

The KIFPP is one of the projects identified under the ECERDC economic development masterplan to spearhead the growth of seafood processing and related downstream industries in the East Coast Economic Region and to enhance socio-economic development of the East Coast region of Peninsular Malaysia (i.e. Pahang, Terengganu and Kelantan). Our Group was appointed as an anchor company in the KIFPP to invest, operate and manage the KIFPP Processing Facility in order to support the vision and mission of the ECERDC economic development masterplan.

Our strategic location eases our access to the fish landing jetty located within the LKIM Complex, where many fishing vessels land on a daily basis with wild-caught seafood supplies. According to the IMR Report, in 2018, the largest volume and value of fish landings in Peninsular Malaysia were from Kuantan, with the LKIM Complex being a major contributor to the fish landings in Kuantan. We are also able to enhance our efficiency as supplies procured from the LKIM Complex can be immediately delivered to the KIFPP Processing Facility and thereby, reduce delivery costs and time.

6.6 Process Flows

Our Group is principally involved in the following:

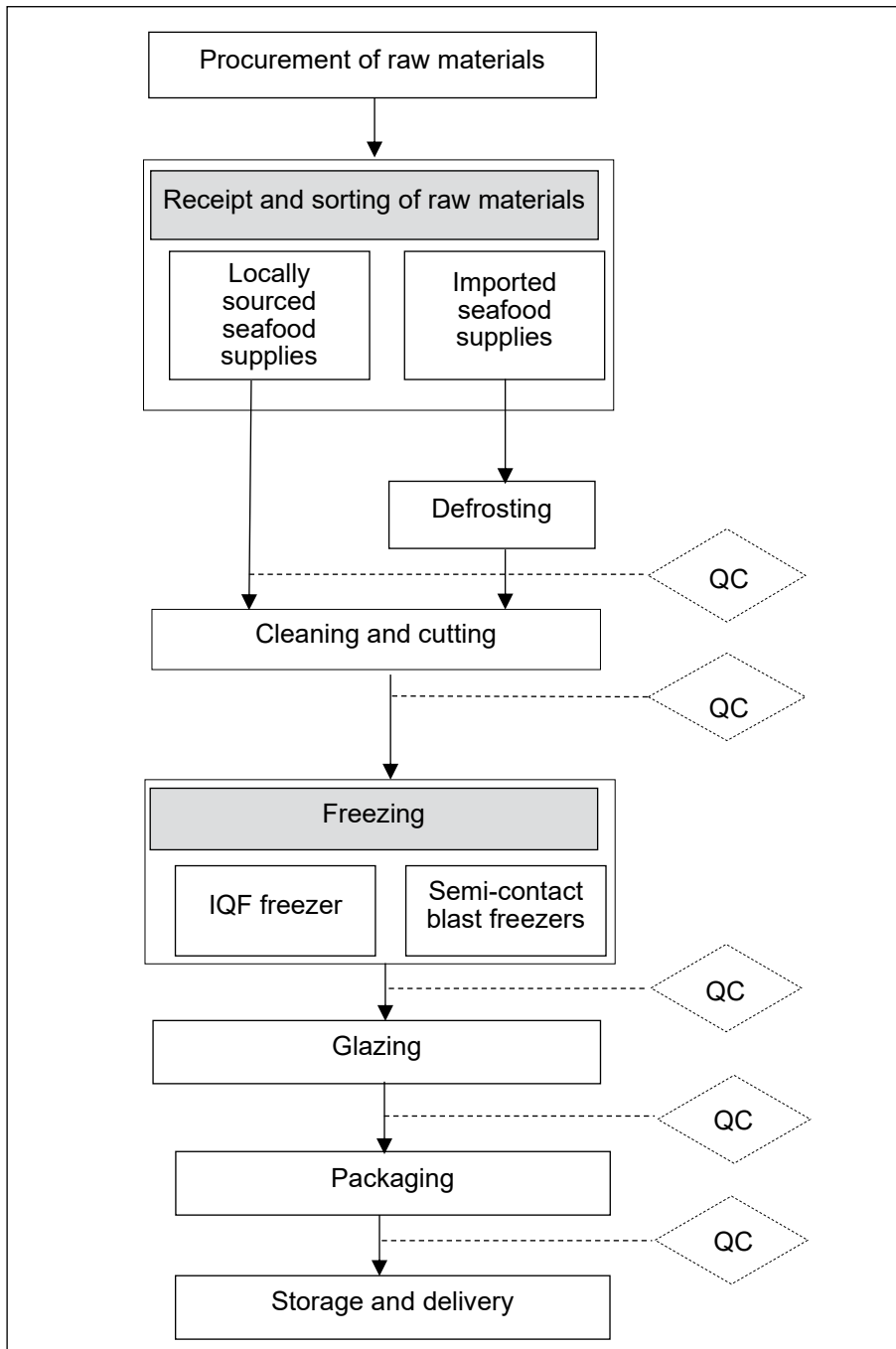
- (i) processing and trading of frozen seafood products; and
- (ii) retail trading of other products, including meat and non-meat products.

Our operational processes are as described in the following sections.

6. BUSINESS OVERVIEW (cont'd)

6.6.1 Processing and trading of frozen seafood products

The process flow for the processing and trading of our Group's frozen seafood products are illustrated below:



6. BUSINESS OVERVIEW (cont'd)

(i) Procurement of raw materials

Our raw materials refer to a variety of wild-caught and farm-raised seafood supplies that are either sourced locally or imported. Our Head of Operations (MHC) will discuss and confirm the procurement list with our Managing Director on a fortnightly basis based on anticipated demand and customers' orders, prior to sharing the list with the procurement team. The procurement list states the type of supplies required which include:

- type of seafood;
- country of origin; and
- price range.

This will determine if the supplies should be procured from wholesalers, aquaculture farms or fishing enterprises, based on seasonal availability and specifications of the supplies required. The operational process involved in the procurement of supplies from wholesalers and aquaculture farms as well as fishing enterprises varies, as detailed below:

(a) Procurement from wholesalers and aquaculture farms

Our procurement team will order the required volume and type of seafood supplies from the respective wholesalers and aquaculture farms. The purchase order will be approved by our Managing Director prior to the order confirmation. Once the purchase order is confirmed, the suppliers will arrange for the supplies to be transported to the KIFPP Processing Facility.

(b) Procurement from fishing enterprises

Our procurement team will first identify suitable fishing enterprises at the LKIM Complex to procure the required seafood supplies, based on pricing, quality and volume of available stock. Our procurement team will then negotiate with the representatives of the fishing enterprises on the price and terms. Once these are finalised, the supplies are transferred into our insulated ice boxes. Our procurement team will conduct an inspection (as detailed in Section 6.7 of this Prospectus) of the supplies before it is transferred to the KIFPP Processing Facility.

(ii) Receipt and sorting of raw materials

Upon receipt of seafood supplies at the KIFPP Processing Facility, our production team will first perform the necessary inspections of the supplies to ensure the freshness and quality of the supplies, based on physical appearance and temperature (details of these inspections are set out in Section 6.7 of this Prospectus). Supplies that fail our inspections will be rejected and returned to the respective suppliers.

Imported seafood supplies are delivered to us in the form of frozen blocks whilst local seafood supplies are delivered to us chilled. Imported seafood supplies, which are in frozen blocks, will then undergo the defrosting process illustrated in (iii) below. Meanwhile, local seafood supplies which are typically chilled are rinsed, sorted in accordance to type and size, and stored in insulated ice boxes while waiting to be processed.

(iii) Defrosting

Imported seafood supplies, which are typically in the form of frozen blocks, are thawed using our defrosting machine which expedites the defrosting process. This minimises contamination risks and product deterioration. Typically, approximately 2 tonnes of frozen seafood supplies can be defrosted per hour.

6. BUSINESS OVERVIEW (cont'd)

We will then rinse the seafood supplies and sort them in accordance to type and size. These supplies will then be stored in insulated ice boxes while waiting to be processed.

(iv) Cleaning and cutting

Cleaning of seafood supplies involves the descaling and skinning of seafood supplies. During this stage, inedible parts of the fishes are also removed. The seafood supplies will then be cut using a cutting machine in accordance to customers' requirements.



After the abovementioned processes, an inspection will be performed randomly by our production section leader on the processed seafood supplies to ensure there are no damages, offensive odours and/or slimy texture as well as the weight or thickness of the cut seafood supplies meet the specifications (details of these inspections are set out in Section 6.7 of this Prospectus).

(v) Freezing

The cleaned seafood supplies will then be frozen. We have 2 types of freezers, i.e.:

- (a) IQF freezer** – We typically utilise this machinery for large volume of small-sized seafood or seafood parts (where each unit weighs less than 1 kg or has a thickness of less than 4 inches). The IQF freezer can typically freeze between 2 and 4 tonnes of seafood per hour, depending on the size and weight of the seafood.

We utilise the IQF freezer due to its short freezing period and each unit is individually frozen during the freezing process. The short freezing period maintains the shape, colour and taste of the seafood. Individually frozen products will also benefit end-customers as they can defrost and consume the exact quantity required, without defrosting the remaining frozen seafood products in the same packaging. Further details on this machine are set out in Section 6.9 of this Prospectus.

6. BUSINESS OVERVIEW (cont'd)



The frozen seafood products are then randomly inspected by our production section leader to ensure the temperature of the products meet our requirements (as detailed in Section 6.7 of this Prospectus).

- (b) **Semi-contact blast freezers** – Semi-contact blast freezers are used for smaller volume of seafood or larger fishes (where each unit weighs more than 1 kg or has a thickness of more than 4 inches). The seafood supplies are placed on trays in the semi-contact blast freezers and left in the blast freezers till they are fully frozen. Semi-contact blast freezers also rapidly freeze our seafood supplies which maintains the shape, colour and taste of the seafood.

Depending on the size and weight, each of the semi-contact blast freezers will take approximately 4 hours for 1.4 tonnes of seafood to be fully frozen.



(vi) Glazing

Glazing is performed on the seafood after it is frozen using the IQF freezer or semi-contact blast freezers in accordance to customers' requirements.

6. BUSINESS OVERVIEW (cont'd)

The glazing process begins with immersing the frozen seafood in water while on a conveyor belt. During this stage, our production team will inspect the frozen seafood to make sure they are individually separated and the temperature of the frozen seafood is appropriate. The conveyor belt will then transport the frozen seafood into a freezer hardener, where the water coating will form a protective layer of ice on the surface of the frozen seafood.

At any point in time, only 1 type of seafood can be in the IQF freezer, semi-contact blast freezers and freezer hardener. Surfaces that have contact with the frozen seafood (such as the conveyor belt, trays and glazing basin) will be cleaned before they are used for other types of seafood.

(vii) Packaging

- (a) Master packaging is used for frozen seafood products which are sold in bulk, where the products are enclosed in plastic bags before being packaged into carton boxes.



- (b) We also have machineries to perform the following packagings:

- **vacuum pack** – where air is removed from inside the plastic pack or shrink film before it is sealed; and



- **skin pack** – where air is removed and the transparent plastic sheet is heated to tightly wrap the product, forming the outline or shape of the frozen seafood product.



Thereafter, the vacuum or skin packed frozen seafood products are arranged into carton boxes and labelled accordingly. The packaging of the frozen seafood products are inspected by our production supervisors (as detailed in Section 6.7 of this Prospectus). Each carton box is then tagged with a corresponding batch number for easy identification and traceability.

6. BUSINESS OVERVIEW (cont'd)

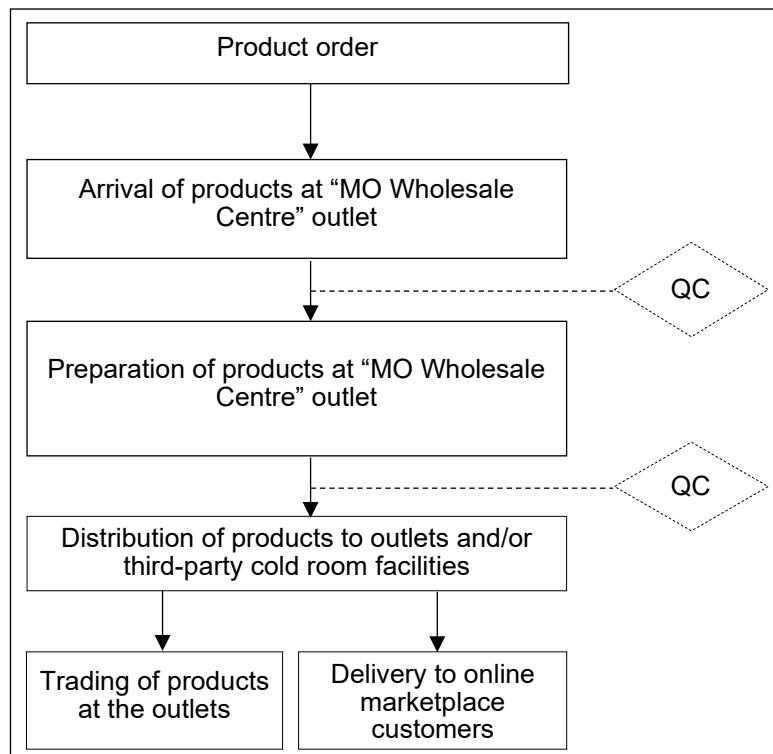
(viii) Storage and delivery

While awaiting to be delivered to customers, the carton boxes are stored in our cold room where temperature is maintained at -25°C to ensure the products maintain their freshness and quality. Frozen seafood products produced for local wholesalers, food manufacturers and retailers as well as our outlets and online marketplace will be distributed using our 5 refrigerated and 2 non-refrigerated vehicles to customers in the East Coast region of Peninsular Malaysia as well as third-party delivery companies to customers located in other regions in Malaysia. Meanwhile, the delivery of frozen seafood products to international customers will be handled by appointed forwarding agents.

In addition, we also store our products in third-party cold room facilities in Selangor for distribution of our products to wholesalers and our online marketplace customers in the Central region of Peninsular Malaysia (i.e. Selangor, Kuala Lumpur and Putrajaya).

6.6.2 Retail trading of other products

The process flow for the operation and management at our outlets and online marketplace are illustrated as follows:



(i) Product order

We closely monitor inventories stored at each outlet, including inventories allocated for our online marketplace, by performing stocktake on a daily basis to ensure there are sufficient inventories available for each type of products. Trends and market demand are also constantly analysed to ensure that volume of products that are higher in demand or expected to be in demand during a particular period or season are sufficient.

6. BUSINESS OVERVIEW *(cont'd)*

Our procurement team will place orders for the required volume of each product type from the respective suppliers to replenish our inventories for our outlets and for our online marketplace. This is typically carried out on a daily basis. For our outlets, these orders include frozen meat, chilled meat, ready-to-eat and ready-to-cook meat and seafood products, and non-meat products. For our online marketplace, this typically includes chilled and frozen meat as well as ready-to-eat and ready-to-cook meat and seafood products.

(ii) Arrival of products at “MO Wholesale Centre” outlet

Other products will typically be shipped by our suppliers to our “MO Wholesale Centre” outlet which acts as our distribution centre. Upon arrival of the products, our procurement team will carry out inspection to ensure the products are free from damages and spoilage, and the volume and products are as per our purchase order and are not expired or near expiry. Meat products that do not have to undergo preparation will be kept in the cold room.

(iii) Preparation of products at “MO Wholesale Centre” outlet

After inspection of the meat products as detailed in Section 6.7 of this Prospectus, these products are kept in the cold room at our “MO Wholesale Centre” outlet and/or third-party cold room facilities prior to sales at our “MO Wholesale Centre” outlet or distribution to our “MO Foodmart™” outlets.

Upon request by our customers, we may cut the meat products such as poultry, beef and mutton so that they can be sold in parts. In such cases, the meat products are then placed into plastic bags and barcodes will be generated and placed on these plastic bags.

(iv) Distribution of products to outlets and/or third-party cold room facilities

Products to be sold at our “MO Foodmart™” outlets will be delivered by our vehicles to the respective outlets. Meanwhile, products to be sold to our online marketplace customers located in the Central region in Peninsular Malaysia will be delivered by third-party delivery companies to third-party cold room facilities in Selangor.

Upon arrival at our “MO Foodmart™” outlets, all products will be inspected (as detailed in Section 6.7 of this Prospectus). The products will then be sorted and displayed in their relevant aisles for sales to customers.

Upon request by our customers, we may cut the meat products such as poultry, beef and mutton so that they can be sold in parts. In such cases, the meat products are then placed into plastic bags and barcodes will be generated and placed on these plastic bags.

(v) Trading of products at the outlets

Our operations team at each outlet will attend to the day-to-day operations of our outlets. Each “MO Foodmart™” outlet will be staffed between 3 to 7 employees including a supervisor, while our “MO Wholesale Centre” outlet will be staffed with approximately 20 employees including a supervisor. The number of employees in each outlet is determined based on several factors including the size of the outlet and display area, length of time the outlet operates and average monthly sales.

All promotional strategies carried out at our outlets are coordinated centrally by our sales team. These strategies are detailed in Section 6.10 of this Prospectus.

(vi) Delivery of products to online marketplace customers

Our products are delivered by our vehicles to our online marketplace customers located in Pahang and Terengganu from our outlets. Meanwhile, we will deliver our products to our online marketplace customers located in Selangor, Kuala Lumpur and Putrajaya using third-party delivery companies from the third-party cold room facilities in Selangor.

6. BUSINESS OVERVIEW (cont'd)

6.7 QA/QC Procedures

Our Group recognises the importance of providing consistent quality products to ensure customer satisfaction and secure repeat orders from our customers. In order to maintain our quality standards, we implement QA/QC procedures that meet local and international standards. We presently comply with the following local and international standards and regulations:

<u>Company</u>	<u>Standard/Certificate</u>	<u>Certification body</u>	<u>Issuance date / Expiry date</u>	<u>Scope/Description of certification</u>	<u>Major conditions imposed</u>	<u>Status of compliance</u>
MHC	SIRIM Certificate (ISO 22000: 2018 – Food Safety Management Systems – Requirements for Any Organization in the Food Chain) Certificate No. FSMS 00174	SIRIM	25 October 2021 / 25 October 2024	Compliance with Food Safety Management Systems for the manufacture of quick-frozen fish, prawn, squid, fish skin, fish maw, aquatic animals, frozen dried seafood and frozen ready to cook products from receipt of raw materials, processing, packaging, storing until loading into transportation vehicles	Nil	Not applicable
MHC	SIRIM Certificate (MS 1480:2019 – Food Safety According to HACCP System) Certificate No. HACCP 00256	SIRIM	25 October 2021 / 25 October 2024	Implementation of Food Safety System for the manufacture of quick-frozen fish, prawn, squid, fish skin, fish maw, aquatic animals, frozen dried seafood and frozen ready to cook products from receipt of raw materials, processing, packaging, storing until loading into transportation vehicles	(a) The certification shall be used in association with MHC’s name; (b) The certification shall only be used in MHC’s correspondence, advertising and promotional materials, and shall not be used except in connection with the scope of certification; (c) The certification shall not under any circumstances be used directly on or closely associated with products in such a way so as to imply that the products themselves are certified by SIRIM; and	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	Major conditions imposed	Status of compliance
MHC	HACCP Certificate Certificate HA1018008-1/1	Ministry of Health, No. Malaysia ("MOH")	of 18 November 2021 / 17 November 2024	Certification of implementation of HACCP system in respect of the following products: • fish	<p>(d) MHC shall comply with the requirements and instructions contained in the latest issue of SIRIM's "Rules on the Use of SIRIM QAS International Certification Marks" and any other instructions to be issued from time to time.</p> <p>(a) The certificate and its logo shall not be transferred nor shall its contents be altered;</p> <p>(b) Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality of MOH for further action. Certification will be automatically void should the factory or premise cease operations;</p> <p>(c) MHC shall be subjected to inspection, monitoring and enforcement activities conducted by MOH;</p> <p>(d) The certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force; and</p> <p>(e) The use of the logo is only allowed for food products that are being produced in the premises stated on the certificate.</p>	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	of Major conditions imposed	Status of compliance
MHC	GMP Certificate Certificate No. GM1018014-1/1	MOH	18 November 2021 / 17 November 2024	Certification of implementation of GMP system	<ul style="list-style-type: none"> (a) The certificate and its logo shall not be transferred nor shall its contents be altered; (b) Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality of MOH for further action. Certification will be automatically void should the factory or premise cease operations; (c) MHC shall be subjected to inspection, monitoring and enforcement activities conducted by MOH; (d) The certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force; and (e) The use of the logo is only allowed for food products that are being produced in the premises stated on the certificate. 	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	Major conditions imposed	Status of compliance
MHC	SIRIM Certificate (MS 1514: 2009 – GMP for Food) Certificate No. GMP 00152	SIRIM	25 October 2021 / 25 October 2024	Implementation of GMP system for the manufacture of quick-frozen fish, prawn, squid, fish skin, fish maw, aquatic animals, frozen dried seafood and frozen ready to cook products from receipt of raw materials, processing, packaging, storing until loading into transportation vehicles	<ul style="list-style-type: none"> (a) The certification shall be used in association with MHC’s name; (b) The certification shall only be used in MHC’s correspondence, advertising and promotional materials and shall not be used except in connection with the scope of certification; (c) The certification shall not under any circumstances be used directly on or closely associated with products in such a way so as to imply that the products themselves are certified by SIRIM; and (d) MHC shall comply with the requirements and instructions contained in the latest issue of SIRIM’s “Rules on the Use of SIRIM QAS International Certification Marks” and any other instructions to be issued from time to time. 	Complied
MHC	IQ Net Certificate Registration No. MY-FSMS 00174	SIRIM	25 October 2021 / 25 October 2024	Compliance with Food Safety Management Systems manufacture of quick-frozen fish, prawn, squid, fish skin, fish maw, aquatic animals, frozen dried seafood and frozen ready to cook products from receipt of raw materials, processing, packaging, storing until loading into transportation vehicles	<ul style="list-style-type: none"> (a) The certification shall be used in association with MHC’s name; (b) The certification shall only be used in MHC’s correspondence, advertising and promotional materials and shall not be used except in connection with the scope of certification; (c) The certification shall not under any circumstances be used directly on or closely associated with products in such a way so as to imply that the 	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	Major conditions imposed	Status of compliance
MHC	Halal Certificate (MS 1500: 2009 – Certificate of Authentication) Reference No. JAKIM/(S)/(22.00)/492 /2/ 1 056-11/2018	JAKIM	1 January 2021 / 31 December 2022	Halal Certification in respect of the following products: <ul style="list-style-type: none"> • quick frozen butterfly-cut fish • quick frozen eviscerated whole fish • quick frozen fish fillet • quick frozen fish steak • quick frozen pan-dressed fish • quick frozen un-eviscerated whole fish • quick frozen whole prawn • quick frozen whole squid <p>as manufactured, distributed, and managed by MHC has complied with Islamic Law and Malaysian Halal Standards and are</p>	<p>products themselves are certified by SIRIM; and</p> <p>(d) MHC shall comply with the requirements and instructions contained in the latest issue of SIRIM’s “Rules on the Use of SIRIM QAS International Certification Marks” and any other instructions to be issued from time to time.</p> <p>(a) The certificate and the Malaysian “Halal” logo shall not be traded, transferred nor shall its contents be altered;</p> <p>(b) Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Director General of JAKIM for further action;</p> <p>(c) MHC shall be subjected to inspection, monitoring and enforcement activities conducted either by JAKIM, Islamic Religious Council of the States (“MAIN”), Islamic Religious Department of the States (“JAIN”) or the Ministry of Domestic Trade and Consumer Affairs (“KPDNHEP”);</p> <p>(d) The certificate may be suspended or withdrawn at any time by JAKIM, MAIN, JAIN or KPDNHEP if there is doubt in terms of Islamic Law or violation of any laws or regulations that are currently in force;</p>	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	Major conditions imposed	Status of compliance
				approved by the Halal Certification Panel of the Pahang Islamic Religious Department	(e) MHC shall exhibit the logo on the product or the approved premises as stated in the certificate; and (f) The use of the logo on the approved product or premise shall be accompanied by the Reference Number and the Standard Number as stated in the certificate for such product or premise.	
MHC	MeSTI Certificate Certificate No. ME1221046-0/1	MOH	8 December 2021 / 17 November 2024	Certification of fulfilment of terms and conditions for MeSTI certification	(a) The certificate and its logo shall not be transferred nor shall its contents be altered; (b) Any changes to the name or address of the factory or premise, certification scope or anything related thereto shall be informed in writing to the Senior Director for Food Safety and Quality of MOH for further action. Certification will be automatically void should the factory or premise cease operations; (c) MHC shall be subjected to inspection, monitoring and enforcement activities conducted by MOH; (d) The certificate remains the property of MOH. It may be withdrawn or terminated at any time if there is violation of any guidelines, laws or regulations that are currently in force; and	Complied

6. BUSINESS OVERVIEW (cont'd)

Company	Standard/Certificate	Certification body	Issuance date / Expiry date	Scope/Description of certification	of Major conditions imposed	Status of compliance
---------	----------------------	--------------------	-----------------------------	------------------------------------	-----------------------------	----------------------

(e) The use of the logo is only allowed for food products that are being produced in the premises stated on the certificate.

We are subject to audit by the relevant certification bodies prior to renewal of the respective certifications.

Further, our Group is also registered with the following authorities:

Company	Registration type	Registering Body	Issuance date / Expiry date	Description of registration	Major conditions imposed	Status of compliance
MHC	CAIQ ⁽ⁱ⁾ Second Party Certificate	Second Audit Malaysia Sdn Bhd	28 April 2021 / 30 April 2023	Our registration with CAIQ allows us to place a QR code on our frozen seafood product packaging, which will allow end-customers to scan to read information on our Company and processing capabilities. The benefits of the CAIQ QR code are elaborated in Section 6.22(ii) of this Prospectus	Nil	Not applicable
	Reference No. EMP/2021/E0001					
MHC	Approved Establishment for the Export of Fish and Aquatic Products to the Kingdom of Saudi Arabia	Saudi Food and Drug Authority ("SFDA") ⁽ⁱⁱ⁾	11 December 2018 / ⁽ⁱⁱⁱ⁾	Our registration with the SFDA allows us to export the following products to the Kingdom of Saudi Arabia: <ul style="list-style-type: none"> • frozen threadfin and frozen threadfin bream • frozen king fish • frozen yellow tail • frozen sardine • frozen mackerel • frozen squid, cuttlefish, and octopus • frozen leather jacket fish • frozen bigeye scad • frozen black pomfret • frozen hardtail scad 	Nil	Not applicable
	Approval No. 1010138-W					

6. BUSINESS OVERVIEW (cont'd)

Company	Registration type	Registering Body	Issuance date / Expiry date	Description of registration	Major conditions imposed	Status of compliance
				<ul style="list-style-type: none"> • frozen longtail tuna • frozen silver/white pomfret • frozen bonito • frozen freshwater eel • frozen marble goby • frozen climbing perch • frozen snakeskin gourami and frozen snakehead • frozen java barb • frozen giant snakehead • frozen bronze featherback • frozen goldfoil barb • frozen rohu • lutjanidae 		

Notes:

- (i) In order to be registered with the CAIQ, we are required to provide our food quality and safety certifications listed in the table above. CAIQ will then conduct an environmental inspection on the KIFPP Processing Facility where swab tests on employees and contact surfaces as well as water samples are required to ensure the hygiene and food safety of the KIFPP Processing Facility. CAIQ will also perform a microbiological testing on our frozen seafood product samples to ensure that the hygiene and food safety of our products meet the national standards in China. CAIQ will also perform the above tests on a semi-annual basis.
- (ii) SFDA regulates, oversees and controls food, drug, medical devices as well as sets mandatory standard specifications for imported or locally manufactured products. SFDA ensures the safety of food and drug for human and animal, and safety of biological and chemical substance as well as electronic products. In order to be registered with the SFDA, control and/or testing are conducted on the product in the SFDA's or its appointed agency's laboratories. Whilst there is no expiry date for the registration with the SFDA, the KIFPP Processing Facility is subject to an annual audit by the Ministry of Health of Malaysia done on behalf of the SFDA.
- (iii) The registration with SFDA shall continue to subsist unless otherwise revoked by the SFDA.

In the event that there are matters raised during the audits which we are unable to resolve, we are subject to risks of revocation or non-renewal of certifications as detailed in Section 9.1.3 of this Prospectus.

6. BUSINESS OVERVIEW (*cont'd*)

We are required to obtain and maintain the above certificates and registrations as part of our operations and in compliance with our obligations under the ECERDC Commercial Agreement, save for the CAIQ Second Party Audit Certificate.

Our routine QC activities for our frozen seafood processing activities are led by our QA/QC Manager. Our QC procedures are implemented at various stages of the process flow of frozen seafood processing as described below:

Process flow stage	QC procedure
Receipt, defrosting and sorting of supplies	<p>(i) The physical appearances of the supplies are inspected to ensure that there are no or minimal:</p> <ul style="list-style-type: none"> • offensive odours; • bruises or damages to the skin or belly; • discolouration; • infestation; • sign of hazardous foreign material (such as plastic or glass); and • slimy texture. <p>(ii) The temperature of supplies, particularly fishes, are checked using a temperature probe to ensure that it is not higher than 5°C.</p>
Cleaning and cutting	<p>(i) The cleaned seafood supplies are inspected to ensure that there are no damages to the skin or belly, offensive odours and the texture is not slimy.</p> <p>(ii) The temperature of the cleaned seafood supplies are checked to ensure that it is not higher than 5°C.</p> <p>(iii) The weight or thickness of cut seafood supplies will be checked to ensure they meet the specifications.</p>
Freezing	<p>(i) The freezer settings are checked to ensure that the mode, conveyor belt speed and freezing temperature are correct.</p> <p>(ii) The frozen seafood are inspected to ensure that they are individually separated when exiting the IQF freezer.</p> <p>(iii) The temperature of the frozen seafood in both IQF freezer and semi-contact blast freezers are randomly checked to ensure that they are between -20°C to -25°C.</p>
Glazing	<p>(i) The temperature of the water used for glazing is constantly monitored to ensure that it is between 0°C to -5°C.</p> <p>(ii) The speed of the conveyor belt where the frozen seafood undergoes the glazing process is constantly monitored to ensure that the frozen seafood are properly glazed.</p> <p>(iii) The temperature of the frozen seafood products are randomly checked to ensure that they are between -20°C to -25°C.</p>
Packaging	<p>(i) Before packaging, the frozen seafood products go through a metal detector to ensure there are no foreign metal objects.</p> <p>(ii) The packaging are examined to ensure:</p> <ul style="list-style-type: none"> • they are properly sealed; and • appropriate labels including expiry date and batch number are included on the packaging/carton box.

6. BUSINESS OVERVIEW (cont'd)

In accordance to HACCP requirements, we are also required to send product samples to third-party independent laboratories periodically. These samples include swabs of surfaces that have food contact such as tables and baskets, swabs of some of the production personnel's palms, air sampling and samples of frozen seafood product as well as filtered water and ice used in our production process. The laboratories will then conduct a microbiological and chemical testing to determine the type and quantity of bacteria and chemical found in the contact surfaces, air, water and ice at the KIFPP Processing Facility as well as in the frozen seafood products. The laboratory test results will independently verify the food quality and safety of our frozen seafood products. These test results will also highlight if there are any dangerous or harmful microbiological and chemical contaminants found in these samples, or if the microbiocidal count or chemical content exceeds the acceptable safety levels set by HACCP. In such instances, we will not sell the frozen seafood products produced in that batch.

We also undertake the following QA measures to ensure product safety and quality:

(i) Water filtration

We ensure the water used for our production process undergoes a 3-stage filtration process to remove any contaminants and microorganisms. All 3 filters (which include silica and sand media, activated carbon and ultraviolet light filtration systems) are maintained regularly through manual filter backwashes and cleaning and monitoring of ultraviolet light life span and functionality. The filtering of water is crucial to ensure that there are no contaminants and microorganisms present in the water we use to clean as well as to produce ice for chilling our seafood supplies.

In accordance with the Food Act 1983 and Regulations 1985, we send samples of water and ice used to an independent laboratory on an annual basis, where the laboratory will conduct a microbiological and contaminant testing to determine the type and quantity of bacteria and contaminants found in the water and ice used at the KIFPP Processing Facility do not exceed safety levels.

(ii) Hygiene procedures for production personnel

Our production team has to adhere to strict hygiene procedures (which are in accordance to HACCP guidelines) prior to entry into the KIFPP Processing Facility. This reduces the risk or exposure to contaminants or conditions that are harmful to our products. Prior to entry into the KIFPP Processing Facility, they are required to equip themselves with disposable hair nets, masks, face shields, gloves, aprons and appropriate footwear, and their hands and footwear must be sanitised. They are also not allowed to wear any accessories, cosmetics, perfumes, after-shaves and ointments. In light of the COVID-19 pandemic, we also require all of our personnel to undergo temperature checks prior to entering the KIFPP Processing Facility and undergo COVID-19 tests periodically.

(iii) Temperature control of the KIFPP Processing Facility and refrigerated vehicles

The KIFPP Processing Facility is temperature-controlled, where the temperature of the entire production floor is maintained at no more than 18°C to minimise spoilages during the entire process, while the temperature of our cold room is maintained at -25°C. Meanwhile, we also ensure that the temperature of our refrigerated vehicles are maintained at -20°C prior to and during our delivery of our products. Annual maintenance are performed on both the KIFPP Processing Facility and our refrigerated vehicles.

(iv) Routine maintenance of machinery

The KIFPP Processing Facility also undergoes washing and cleaning after production hours on a daily basis to ensure the hygiene of the KIFPP Processing Facility. This involves the cleaning of surfaces which are in contact with seafood supplies such as conveyor belts, tables and baskets as well as the floor with food grade detergent to avoid contamination.

6. BUSINESS OVERVIEW (cont'd)

(v) Selection of suppliers

Suppliers, particularly wholesalers and aquaculture farms, are carefully selected. Before we choose to order from a particular supplier, we may visit their warehouse or farm to assess the quality of the seafood supplies they provide. We also ensure that they have the necessary licences required by the regulatory bodies.

For our trading activities, our routine QC procedures are led by our operations personnel. Our QC procedures carried out are as described below:

Process	QC procedure
Arrival of products at distribution centre	The physical appearances of the products are inspected to ensure that: <ul style="list-style-type: none"> • no damages and spoilage; • volume of products is as per purchase order; and • products have not expired or are not near expiry date.
Preparation of products	The products prepared are inspected to ensure they are not damaged and are clean before they are packed.
Distribution of products	The products are inspected to ensure that they meet the pre-specified requirements in terms of volume, type and expiry date.

6.8 Product Development

We typically do not undertake research and development activities on existing frozen seafood products. Nevertheless, our management team constantly keeps abreast with the latest technological developments for machinery and equipment used in seafood processing as well as market trends and demand for frozen seafood product types.

6.9 Key Machinery and Equipment

A summary of the key machinery and equipment owned and used by us as at the LPD are set out below:

Machinery and equipment	Functions	No. of units	Average age Years	NBV as at 30 Apr 2022 RM'000
IQF freezer, freezer hardener and related equipment	Freezing and glazing of seafood supplies	1	5	3,520
Semi-contact blast freezer	Freezing of seafood supplies	3	5	193
Defrosting machine	Defrosting of frozen seafood supplies	1	5	2,118
Plate ice machine	Producing ice plates to keep seafood supplies chilled	2	3	315
Seafood cutting machine	Cutting of seafood supplies	4	3	-
Poultry and meat cutting machine	Cutting of meat products	19	5	78
Skin packaging machine	Skin packaging of frozen seafood products	2	3	402

6. BUSINESS OVERVIEW (cont'd)

Machinery and equipment	Functions	No. of units	Average age	NBV as at 30 Apr 2022
			Years	RM'000
Vacuum packaging machine	Vacuum packaging of frozen seafood products	2	4	108
Cold room refrigeration system	Storage of frozen seafood products	3	2	2,131
Display freezer	Display of frozen products at outlets	125	5	636
Total				9,501

Our key machinery used are as described below:

(i) IQF freezer

We use a IQF freezer for freezing large volume of small-sized processed seafood or seafood parts (where each unit weighs less than 1 kg or has a thickness of less than 4 inches) as it is relatively faster and more cost efficient for individually freezing large volume of seafood or seafood parts. IQF freezer is a freezing technology that operates at -40°C that can rapidly freeze seafood to up to -25°C and produce individually frozen seafood products.

The IQF freezer has the following advantages:

- (a) its short freezing period prevents formation of ice crystals in the cells of the seafood, thus preventing damage to the cell structure and texture of the seafood. In addition, the short freezing period also minimises bacterial, mould and yeast growth. As such, our frozen seafood products are able to maintain their shape, colour and taste; and
- (b) its ability to produce individually frozen units during the freezing process which produces separate product units. This benefits end-customers as they can defrost and consume the exact quantity required, without damaging the remaining frozen seafood products in the same packaging.

(ii) Semi-contact blast freezers

Semi-contact blast freezers operate at -40°C and can rapidly freeze seafood to up to -25°C. Similar to the IQF freezer, the semi-contact blast freezers have a short freezing period which prevents formation of ice crystals in the cells of the seafood, thus preventing damage to the cell structure and texture of the seafood. In addition, the short freezing period also minimises bacterial, mould and yeast growth. As such, our frozen seafood products are able to maintain their shape, colour and taste.

The semi-contact blast freezers comprise height-adjustable racks of trays and can be used to freeze small and large-sized seafood. In order to be cost efficient, we utilise the semi-contact blast freezers to freeze smaller volume of processed seafood or larger fishes (where each unit weights more than 1 kg or has a thickness of more than 4 inches). They can produce either block frozen or individually frozen seafood products.

In addition, across our operations, we seek to rely on semi-automated machinery such as cutting and defrosting machinery in order to increase productivity, reduce human errors as well as to reduce our reliance on the availability of labour.

6. BUSINESS OVERVIEW *(cont'd)*

6.10 Modes of Marketing, Distribution and Sales

Sales Channels

We sell our frozen seafood and other products through the following sales channels:

(i) In-house sales team

Our sales activities are led by our Managing Director and executed by our sales team. Our Head of Operations (MHC) will assist by providing inputs on product pricing, when required. Our sales team typically targets local and international retailers, wholesalers and food manufacturers. Our sales team approaches new local and international retailers, wholesalers and food manufacturers directly to expand our customer base for our processing and trading of frozen seafood products segment. In addition, our sales team is also responsible for handling new and recurring requests for quotations and orders from customers as well as after-sales activities such as receiving feedback, handling complaints and/or enquiries from local and international wholesalers, food manufacturers and retailers.

Our in-house sales team are constantly kept abreast of the latest developments and market trends in the seafood industry such as types of frozen seafood products in demand and the latest technology capabilities. This allows our in-house sales team to better understand existing and new customers' preferences and demand.

(ii) Own outlets and online marketplace

As at the LPD, we own and operate 6 "MO Foodmart™" and 1 "MO Wholesale Centre" outlets located in Pahang and Terengganu. Further, we also operate and manage our online marketplace, "MO Signature™" (<https://www.mosignature.com.my/>), which currently serves customers in the Central and East Coast regions of Peninsular Malaysia. The marketing activities of our outlets and online marketplace are led by our Managing Director and assisted by our sales team.

Marketing Strategies

We undertake the following marketing strategies to enhance the visibility of our brand, outlets and online marketplace:

(i) Referrals

We also secure new local customers through referrals from our existing customers as well as our key management team's business network.

In addition to participations in international exhibitions as elaborated in (iv) below, we have been expanding our international customer base via referrals from our existing international customers and professional network, which contributed to the growth of our sales from the international market.

(ii) In-store promotional activities

We carry out in-store promotions in our outlets regularly, particularly during festive seasons. We may also collaborate with our suppliers to undertake product specific promotions and discounts. These in-store promotions will be promoted through leaflets and banners at our outlets.

6. BUSINESS OVERVIEW (cont'd)**(iii) Social media platforms**

We recognise the importance of investing in digital media marketing on social media platforms to drive traffic to our websites and our online marketplace. We post videos and online content on Facebook and TikTok to attract customers as well as interact with our customers. We also update our Facebook profile to keep our customers abreast on product information, promotions and events.

(iv) Exhibitions

We participate in international seafood exhibitions to create market awareness for our processing capabilities and our frozen seafood products and thereby, attract prospective customers, particularly in the international market.

In 2019, we participated in the following international seafood exhibitions:

Exhibition	Location
Seafood Expo Global	Brussels, Belgium
China Fisheries and Seafood Expo	Qingdao, China

In view of the travel restrictions arising from the COVID-19 pandemic since early 2020, we have temporarily suspended our participation in exhibitions. Nonetheless, we intend to continue participating in future local and international exhibitions from September 2022 onwards. Our participation in these exhibitions facilitate us in expanding our network of customers in the international market, but is not the only avenue for securing orders from new customers in the international market. This can be seen from sales to new major customers in Saudi Arabia and China secured via referrals in the FYE 2021 and FYE 2022 as disclosed in Section 6.11 of this Prospectus despite not participating in international exhibitions since the outbreak of the COVID-19 pandemic.

(v) Loyalty programme

Our present loyalty programme allows customers of our outlets to sign up as members at no costs and to accumulate points based on their purchases, which can entitle them to vouchers and/or free gifts. Apart from fostering customer loyalty, the database of our customers, which amount to 525 members as at the LPD, will also allow us to obtain knowledge of our customers' demographics and purchasing behaviour and thus allow us to better serve our customers.

(vi) Corporate website

We also create brand awareness and market presence through our websites at <https://www.ptresourcesgroup.com.my/>, <http://www.mhccoldstorage.com> and <https://mofoodmart.com/>, which provide information on our Group and our business. Our websites consist of information on our products, outlets' location and processing capabilities.

6. BUSINESS OVERVIEW *(cont'd)*

6.11 Major Customers

The table below lists our top 5 major customers for the FYE 2019 to FYE 2022:

(i) FYE 2019

Major customer	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold
	RM'000	%			
Chor Yee Chun (H40) ⁽¹⁾	10,691	9.2	4 years	Malaysia	Frozen seafood
Tan Yee Siang (C38) ⁽¹⁾	9,654	8.3	4 years	Malaysia	Frozen seafood
KBT Food Supply Sdn Bhd ⁽²⁾	9,017	7.7	5 years	Malaysia	Frozen seafood
Cheah Chin Choon (C49) ⁽¹⁾	8,729	7.5	4 years	Malaysia	Frozen seafood
Tan Juning (B54) ⁽¹⁾	7,363	6.3	4 years	Malaysia	Frozen seafood
Total	45,454	39.0			

(ii) FYE 2020

Major customer	Revenue contribution		Length of relationship as at the LPD	Country	Type of products sold
	RM'000	%			
KBT Food Supply Sdn Bhd ⁽²⁾	27,603	17.1	5 years	Malaysia	Frozen seafood
Fitkar For International Trading ⁽³⁾	22,433	13.9	3 years	Saudi Arabia	Frozen seafood
PT Cahaya Bukit Biru ⁽³⁾	9,679	6.0	2 years	Indonesia	Frozen seafood
Wyn Tough International Corp ⁽³⁾	7,599	4.7	3 years	Philippines	Frozen seafood
Woos (Hong Kong) Company Limited ⁽³⁾	7,427	4.6	2 years	China	Frozen seafood
Total	74,741	46.3			

6. BUSINESS OVERVIEW (cont'd)

(iii) FYE 2021

<u>Major customer</u>	<u>Revenue contribution</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products sold</u>
	<u>RM'000</u>	<u>%</u>			
Fitkar For International Trading ⁽³⁾	32,498	17.4	3 years	Saudi Arabia	Frozen seafood
KBT Food Supply Sdn Bhd ⁽²⁾	24,629	13.2	5 years	Malaysia	Frozen seafood
Mohammed Al Nuaimi Foodstuff ⁽³⁾	19,710	10.6	2 years	Saudi Arabia	Frozen seafood
Fuzhou Ding Sheng Yuan Trade Co., Ltd ⁽³⁾	13,255	7.1	2 years	China	Frozen seafood
Confetti Japan Sdn Bhd ⁽²⁾	9,356	5.0	2 years	Malaysia	Frozen seafood
Total	99,448	53.3			

(iv) FYE 2022

<u>Major customer</u>	<u>Revenue contribution</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products sold</u>
	<u>RM'000</u>	<u>%</u>			
Fuzhou Ding Sheng Yuan Trade Co., Ltd ⁽³⁾	53,796	15.4	2 years	China	Frozen seafood
Fujian Jia He Yuan Aquatic Product Co., Ltd ⁽³⁾	45,846	13.1	1 year	China	Frozen seafood
KBT Food Supply Sdn Bhd ⁽²⁾	37,335	10.7	5 years	Malaysia	Frozen seafood
Fitkar For International Trading ⁽³⁾	25,750	7.4	3 years	Saudi Arabia	Frozen seafood
China National Township ⁽³⁾	23,124	6.6	1 year	China	Frozen seafood
Total	185,851	53.2			

6. BUSINESS OVERVIEW (cont'd)

Notes:

- (1) The customer is an individual operating in a designated lot at the Pasar Borong Selayang with the number in bracket indicating the lot number for the designated lot operated by the individual.
- (2) Local wholesaler.
- (3) International wholesaler.

For the FYE 2019 to FYE 2022, our Group's top 5 major customers collectively contributed 39.0%, 46.3%, 53.3% and 53.2% to our Group's total revenue respectively. Our Group is not dependent on any major customer as the top 5 major customers generally vary from year-to-year and given our Group's diverse customer base in view that we have more than 300 customers in the FYE 2022. Our Group does not have any long-term arrangement with any major customer as our products are delivered based on purchase orders received from customers.

6.12 Major Suppliers

The table below lists our top 5 major suppliers for the FYE 2019 to FYE 2022:

(i) FYE 2019

Major supplier	Purchase contribution		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
	RM'000	%				
Revitec Seafood Supply Sdn Bhd ⁽¹⁾	32,589	36.0	5 years	Malaysia	Frozen seafood	Imported, wild-caught and farm-raised
Fatric Sdn Bhd ⁽¹⁾	7,828	8.6	9 years	Malaysia	Other products - Meat	Imported
PK Agro-Industrial Products (M) Sdn Bhd ⁽¹⁾	7,681	8.5	4 years	Malaysia	Other products – Meat	Farm-raised
Dragon Taste Seafood Export & Import Sdn Bhd ⁽¹⁾	4,348	4.8	4 years	Malaysia	Frozen seafood	Wild-caught
Heng Long Seafood Sdn Bhd ⁽²⁾	3,631	4.0	5 years	Malaysia	Frozen seafood	Wild-caught
Total	56,077	61.9				

6. BUSINESS OVERVIEW (cont'd)

(ii) FYE 2020

Major supplier	Purchase contribution		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
	RM'000	%				
Revitec Seafood Supply Sdn Bhd ⁽¹⁾	46,923	34.4	5 years	Malaysia	Frozen seafood	Imported, wild-caught and farm-raised
Nam Viet Corporation ⁽³⁾	15,573	11.4	3 years	Vietnam	Frozen seafood	Imported
Meng How (M) Sdn Bhd ⁽¹⁾	14,429	10.6	8 years	Malaysia	Frozen seafood	Wild-caught
Fatric Sdn Bhd ⁽¹⁾	9,047	6.6	9 years	Malaysia	Other products - Meat	Imported
PK Agro-Industrial Products (M) Sdn Bhd ⁽¹⁾	5,884	4.3	4 years	Malaysia	Other products - Meat	Farm-raised
Total	91,856	67.3				

(iii) FYE 2021

Major supplier	Purchase contribution		Length of relationship as at the LPD	Country	Type of products supplied	Source of supply
	RM'000	%				
Revitec Seafood Supply Sdn Bhd ⁽¹⁾	63,302	40.1	5 years	Malaysia	Frozen seafood	Imported, wild-caught and farm-raised
Boon Huat Seafood Supplies Sdn Bhd ⁽¹⁾	14,329	9.1	4 years	Malaysia	Frozen seafood	Imported
Fatric Sdn Bhd ⁽¹⁾	10,500	6.7	9 years	Malaysia	Other products - Meat	Imported
OKO Green (M) Sdn Bhd ⁽¹⁾	9,424	6.0	2 years	Malaysia	Frozen seafood	Farm-raised and wild-caught
Nam Viet Corporation ⁽³⁾	6,906	4.4	3 years	Vietnam	Frozen seafood	Imported
Total	104,461	66.3				

6. BUSINESS OVERVIEW (cont'd)

(iv) **FYE 2022**

<u>Major supplier</u>	<u>Purchase contribution</u>		<u>Length of relationship as at the LPD</u>	<u>Country</u>	<u>Type of products supplied</u>	<u>Source of supply</u>
	<u>RM'000</u>	<u>%</u>				
Revitec Seafood Supply Sdn Bhd ⁽¹⁾	97,896	31.5	5 years	Malaysia	Frozen seafood	Imported, wild-caught and farm-raised
OKO Green (M) Sdn Bhd ⁽¹⁾	44,614	14.4	2 years	Malaysia	Frozen seafood	Farm-raised and wild-caught
Boon Huat Seafood Supplies Sdn Bhd ⁽¹⁾	37,242	12.0	4 years	Malaysia	Frozen seafood	Imported
Swee Lee Frozen (M) Sdn Bhd ⁽¹⁾	19,464	6.3	1 year	Malaysia	Frozen seafood	Imported and wild-caught
Nam Viet Corporation ⁽³⁾	15,036	4.8	3 years	Vietnam	Frozen seafood	Imported
Total	214,252	69.0				

Notes:

- (1) Local wholesaler.
- (2) Fishing enterprise.
- (3) International wholesaler.

For the FYE 2019 to FYE 2022, our Group purchased 36.0%, 34.4%, 40.1% and 31.5% of our supplies from Revitec Seafood Supply Sdn Bhd respectively. However, our Group is not dependent on Revitec Seafood Supply Sdn Bhd as our Group is able to source similar seafood supplies from other suppliers. In addition, there will not be any switching cost involved if our Group were to purchase seafood supplies from other suppliers as our Group does not have any long term or exclusive contracts with any of our Group's suppliers, including Revitec Seafood Supply Sdn Bhd as our Group's purchases are made vide the issuance of purchase orders as and when needed.

6. BUSINESS OVERVIEW (cont'd)**6.13 Key Types, Sources and Availability of Materials**

The principal supplies used in our processing and trading of frozen seafood products segment are wild-caught and farm-raised seafood supplies, which are sourced from local and international suppliers. These suppliers comprise wholesalers, aquaculture farms and fishing enterprises. Although we can source for local seafood supplies directly from aquaculture farms and fishing enterprises, we also procure supplies from local wholesalers as they can provide us large quantities and more variety of seafood supplies. In addition, we can also source imported seafood supplies from local wholesalers as well as international wholesalers.

The supplies required in our retail trading of other products segment include food products such as frozen/chilled meat, fresh food, ready-to-cook food, staple food, convenience food, beverages as well as non-food products such as tissues and cleaning solutions.

In order to receive consistent supplies, it is essential for our Group to develop a close working relationship with our suppliers for continuous availability and timely delivery of supplies. In addition, we also ensure that our supplies are sufficient at all times to prevent any delay or disruptions in supply to our customers.

The price of our purchases largely depend on the availability and volume of supplies which are seasonal. Our Group would compare the prices of the relevant seafood supplies between the local wholesalers and international wholesalers prior to order confirmation.

Whilst the prices of our supplies have fluctuated over the past financial years as a result of demand and supply conditions and festive seasons, these price fluctuations did not have a material adverse impact on our results during the financial years under review as we are generally able to pass on any increases in price to our customers. We have developed policies and procedures in our selection of suppliers, including evaluations based on pricing, product range and product quality.

The table below sets out the breakdown our Group's purchases of supplies:

Supplies	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Seafood supplies								
• Local wholesaler	37,776	46.6	72,627	56.3	103,921	66.6	208,124	69.8
• Aquaculture farm	5,218	6.4	1,928	1.5	1,011	0.7	7,367	2.4
• Fishing enterprise	13,421	16.5	3,211	2.5	3,926	2.5	792	0.3
• International wholesaler	3,498	4.3	32,079	24.8	29,854	19.1	56,927	19.1
	<u>59,913</u>	<u>73.8</u>	<u>109,845</u>	<u>85.1</u>	<u>138,712</u>	<u>88.9</u>	<u>273,210</u>	<u>91.6</u>
Other products	21,235	26.2	19,182	14.9	17,291	11.1	24,968	8.4
Total	<u>81,148</u>	<u>100.0</u>	<u>129,027</u>	<u>100.0</u>	<u>156,003</u>	<u>100.0</u>	<u>298,178</u>	<u>100.0</u>

Purchases of seafood supplies accounted for 73.8%, 85.1%, 88.9%, and 91.6% of our Group's total purchases for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. The seafood supplies purchased are directly sent to the KIFPP Processing Facility for further processing into frozen seafood products.

6. BUSINESS OVERVIEW *(cont'd)*

Meanwhile, purchases of other products collectively accounted for 26.2%, 14.9%, 11.1% and 8.4% of our Group's total purchases for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively. Purchases of other products are relatively lower in volume as we are primarily focused on the processing and trading of frozen seafood products. All other products procured are sent to our "MO Wholesale Centre" outlet which acts as our distribution centre, and subsequently distributed to our "MO FoodmartTM" outlets and/or third-party cold room facilities.

6.14 Seasonality

Our business is subject to seasonal demand. The demand for our products is higher prior to the commencement and during festive seasons such as Chinese New Year, Hari Raya, Deepavali and Christmas.

6.15 Interruptions to Business and Operations

Save for our business suspension arising from the MCO and employee-related COVID-19 incidences as disclosed in Section 6.16 of this Prospectus, our Group has not experienced any other interruption in business which had a significant effect on our operations for the past 12 months prior to the LPD.

6.16 Impact of the COVID-19 Pandemic

Due to the COVID-19 pandemic, the Malaysian Government had on 16 March 2020 implemented MCO under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 which took effect from 18 March 2020. During the MCO period, all government and private premises, except those involved in essential services, were required to be closed and to cease operations.

Despite the MCOs, our processing and trading activities were allowed to continue as our business was recognised as an essential service. We received MITI's approval on 19 March 2020 indicating that we were allowed to operate our processing activities during the MCO. In accordance with the SOPs set out by the Malaysian Government at the time, we were also allowed to operate the KIFPP Processing Facility and our outlets at lower capacity and/or shorter operating hours throughout different phases of the MCOs. Thus, this has reduced the impact of the COVID-19 pandemic on our Group's financial performance in the FYE 2020, FYE 2021 and FYE 2022.

Nevertheless, we experienced intermittent disruptions in supply of imported seafood supplies for a period of approximately 3 months after the implementation of the MCO on 18 March 2020. However, we were able to utilise the seafood supplies stored in our cold room as well as source seafood supplies locally. In addition, we also experienced longer delivery time for imported seafood supplies as well as for our frozen seafood products exported to our international customers mainly as a result of shortage of shipping containers and implementation of additional SOPs at the ports. This has resulted in an increase in prices of seafood supplies which we are generally able to pass on to our customers.

Due to the resurgence in high number of daily new COVID-19 cases in certain states during the conditional MCO, the Malaysian Government has re-imposed the MCO from 13 January 2021 to 26 January 2021 in Selangor, Kuala Lumpur, Sabah, Melaka, Penang and Johor, and further extensions of the MCO were re-imposed from 22 January 2021 to 18 February 2021 in all states except for Sarawak. Another MCO was implemented in Selangor and Kuala Lumpur on 6 May 2021 and 7 May 2021 respectively.

6. BUSINESS OVERVIEW *(cont'd)*

Subsequently, a national lockdown policy was implemented from 1 June 2021 to 14 June 2021 throughout Malaysia and Phase 1 of the National Recovery Plan (“**NRP**”) was implemented on 15 June 2021. Throughout this period, most economic sectors were not allowed to operate with the exception of essential economic and service sectors. However, our Group is able to operate as usual subject to SOPs imposed by the Malaysian Government as we are operating in one of the essential service sectors. All the states in Malaysia entered into Phase 4 of the NRP by 3 January 2022, where public and private sector workplaces were allowed to operate at full capacity and physical meetings and gatherings were allowed with physical distancing.

Malaysia has entered into the “Transition to Endemic” phase since 1 April 2022, and “Endemic” phase since 1 May 2022. Since then, all restrictions limiting business operating hours and number of employees in a workplace have been uplifted.

COVID-19 will continue to have an impact on our everyday lives and businesses in general, and may create challenges to our Group’s operations. In particular, we experienced a lower traffic, i.e. reduced number of transactions, at our “MO Foodmart™” outlets during the MCOs. However, we were able to increase our revenue by increasing our exports to Saudi Arabia and China as detailed in Section 12.2.2 of this Prospectus as well as by launching our own online marketplace, “MO Signature™” to reach out directly to the end-customers in June 2020.

Whilst our Board is unable to accurately quantify the magnitude and duration of such impact as the pandemic continues to progress and the conditions are unpredictable, all reasonable steps will be taken to mitigate potential challenges that may arise, in order to minimise any disruption to our business operations.

Measures and steps taken in our business operations in response to the COVID-19 pandemic

To ensure the continuity of our business operations, we have and will continue to manage our personnel to ensure that they are working in a safe environment. We have strict hygiene procedures (which are in accordance to HACCP guidelines) prior to entry into the KIFPP Processing Facility as detailed in Section 6.7 of this Prospectus.

We have also implemented precautionary steps and SOP guidelines at all of our premises based on the conditions imposed by the relevant authorities which include, amongst others, the following:

- (i) regular sanitisation and cleaning process must be conducted at the common areas of our premises at least 3 times per day;
- (ii) keeping abreast with the COVID-19 updates from the relevant authorities and informing all employees as to the updates, as well as providing information regarding awareness and educating employees regarding COVID-19 preventive measures;
- (iii) reducing physical meetings;
- (iv) requiring all employees and visitors to wear facemasks at all time at our premises;
- (v) practising social distancing where a distance of at least 1 metre is observed; and
- (vi) all employees who have travelled outside the country during this period or have had close contact with an infected person are required to be quarantined at home for 2 weeks.

6. BUSINESS OVERVIEW *(cont'd)*

We have also implemented additional precautionary steps and SOP guidelines at the KIFPP Processing Facility based on the conditions imposed by the relevant authorities which include, amongst others, the following:

- (i) prior to entry into the KIFPP Processing Facility, each person is required to:
 - scan the MySejahtera app;
 - undergo a temperature check; and
 - declare their COVID-19 risk and vaccination status;
- (ii) limit the number of visitors in the KIFPP Processing Facility to 5 persons or as per the SOPs set out by relevant authorities;
- (iii) ensure insulated ice boxes and vehicles transporting the seafood supplies are sanitised;
- (iv) all employees at the KIFPP Processing Facility are required to undergo a COVID-19 test once every 2 weeks; and
- (v) all visitors are required to undergo a COVID-19 test.

As at the LPD, we have not breached any laws or regulations as well as SOPs in relation to the COVID-19 pandemic which may lead to penalties by the relevant authorities.

In the event that any of our employees are infected with COVID-19 or any contagious or virulent diseases, they will be required to quarantine themselves. As at the LPD, there were 8 employees who were tested positive for COVID-19 on 3 separate occasions resulting in temporary closure of our premises as follows:

- (i) 1 temporary closure of operations at the KIFPP Processing Facility for 9 days between 9 May 2021 to 17 May 2021;
- (ii) 2 temporary closures at our "MO Wholesale Centre" outlet, i.e.:
 - (a) for 5 days between 3 July 2021 and 7 July 2021; and
 - (b) for 3 days between 25 September 2021 and 27 September 2021.

The above premises were closed until the premises have undergone sanitisation and other employees working at the relevant premises tested negative for COVID-19. In addition, there were another 26 employees who were tested positive for COVID-19 which did not result in the temporary closure of our premises. As at the LPD, all of these employees had recovered.

Impact on our financial performance

Seafood is an essential product and thus, there was continuous demand for seafood despite the implementation of the MCOs and any resulting impact on the economy.

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. In addition, the COVID-19 pandemic did not have a significant adverse impact on our overall financial performance for the FYE 2020 to FYE 2022 and up to the LPD as the resultant decrease in local sales was more than offset by an increase in overseas sales. This can be seen in the growth of our revenue from RM116.4 million in the FYE 2019 to RM349.1 million in the FYE 2022.

Despite travel restrictions arising from the COVID-19 pandemic since early 2020 which led to temporary suspension of our participation in international exhibitions, we continue to secure sales from the international market via referrals. These referrals largely comprise our existing customer base in the international market and professional network built through amongst others, our participation in international exhibitions in the past.

6. BUSINESS OVERVIEW *(cont'd)*

Since the implementation of the MCO on 18 March 2020 till the LPD, our Group has incurred additional cost of RM1.4 million for amongst others, implementation of precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Malaysian Government as well as cargo sanitisation for export purposes. Such additional cost incurred were less than 7% of our PAT for the respective FYE 2020 to FYE 2022. Notwithstanding the on-going COVID-19 pandemic, our Board is confident that our working capital will be sufficient for our existing and foreseeable requirements for a period of at least 12 months from the date of this Prospectus after taking into consideration, amongst others, our cash and cash equivalents of approximately RM45.2 million as at 30 June 2022 and our positive operating cash flows for the past 4 financial years as well as no significant adverse impact on our overall financial performance arising from the COVID-19 pandemic. Please refer to Section 12.4.1 of this Prospectus for further details of our working capital sufficiency.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

6. BUSINESS OVERVIEW (cont'd)

6.17 Major Approvals, Licenses and Permits

Save as disclosed below, there are no other approvals, licenses and permits which our Group is materially dependent on for our business as at the LPD:

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	HGMC	Business license for Kompleks Pasar Borong Baru Kemunting, Jalan Kemunting 2, 25100 Kuantan, Pahang	Kuantan City Council	Account No. L0120202892	1 January 2022 / 31 December 2024	Nil	Not applicable
2.	HGMC	Business licence for Ground Floor, No. 41, Jalan Sultan Abdullah, 26600 Pekan, Pahang	Pekan District Council	Account No. 2018 L0002018-5	1 January 2022 / 31 December 2022	Nil	Not applicable
3.	MO	Business license for No. B2/1470, Ground Floor, Perkampungan Balok Permai, 26000 Kuantan, Pahang	Kuantan City Council	Account No. L0120160720	1 January 2021 / 31 December 2024	Nil	Not applicable
4.	MO	Business license for Lot 1052 & 1053, Jalan Sulaimani, Kemaman, 24000 Chukai, Terengganu	Kemaman Municipal Council	Account No. 0203015010007	1 January 2022 / 31 December 2022	Nil	Not applicable
5.	MO	Business license for No. K-90K, Taman Idaman, Jalan Jakar, 24000 Chukai, Terengganu	Kemaman Municipal Council	Account No. 0203043020006	1 January 2022 / 31 December 2022	Nil	Not applicable

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
6.	MO	Business license for Lot 8217, Jalan Besar, Kampung Cacar Baru, 23100 Paka, Terengganu	Dungun Municipal Council	Account No. L-0006531-8	1 January 2022 / 31 December 2022	Nil	Not applicable
7.	MO	Business license for No. B22 & B24, Lorong Seri Damai Perdana 57, 25150 Kuantan, Pahang	Kuantan City Council	Account No. Z0120215294	11 May 2022 / 31 December 2022	Nil	Not applicable
8.	MHC	License to Trade, Import, Export and Process Fish from Kuantan Integrated Fish Processing Park, Jalan Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang <ul style="list-style-type: none"> • Entry point: Kuantan Port and Klang Port (North/West) • Exit point: Any exit point that may be gazetted • Categories of fish for import: Frozen fish and seafood • Categories of fish for export: Any category of fish 	LKIM	Serial No. C00142	Validity period: Until October 2022	(a) MHC must comply with the fish-grading system as required by LKIM; (b) MHC must pack its fish in containers designated by LKIM; (c) MHC must comply with any method of sale and processing of fish as stipulated by LKIM; (d) MHC must use scales approved by LKIM or by the Ministry of Domestic Trade and Consumer Affairs; (e) MHC must comply with all reasonable requests and instructions from the officers of the LKIM or other officers authorised under the Fisheries Development Authority Act 1971;	Complied

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
		<ul style="list-style-type: none"> Wholesale outside wholesale market: Kuantan Integrated Fish Processing Park, Jalan Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang 				<p>(f) MHC will be responsible for all acts of its employees related to the activities authorised under this licence;</p> <p>(g) MHC must adhere to good fish handling practices as per the Schedule, Rule 8 and Rule 9 of the Fish Marketing Rules 2013;</p> <p>(h) MHC must not trade, process, export, or import fish that is not safe for human consumption without the written consent from LKIM;</p> <p>(i) MHC is prohibited from importing or exporting live fish unless it has obtained consent from the Department of Fisheries Malaysia; and</p> <p>(j) Trading and processing of fish can be conducted at the location stipulated in this licence only.</p>	
9.	MHC	Business license for Kuantan Integrated Fish Processing Park, Jalan Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	Kuantan City Council	Account No. L0120181214	1 January 2022 / 31 December 2024	Nil	Not applicable

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
10.	MHC	Advertising licence for Kuantan Integrated Fish Processing Park, Jalan Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	Kuantan City Council	Account No. L0120203269	1 January 2022 / 31 December 2024	Nil	Not applicable
11.	MHC	Business licence for Unit K3-5-12, Tower 3, UOA Business Park, Jalan Pengaturcara U1/51A, Section U1 Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor	Shah Alam City Council	Account No. LOU112542021 0015	1 March 2022 / 28 February 2023	Nil	Not applicable
12.	MHC	Manufacturing license for Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	MITI	Serial No. A 037668	Effective date: 20 January 2020 Validity period: Subject to compliance with the terms and conditions of this manufacturing license	(a) MHC shall notify MITI and the Malaysian Industrial Development Authority (“MIDA”) in respect of the sale of shares in MHC; (b) MHC shall train Malaysians in its employment so that the transfer of technology and expertise is ensured at all levels of employment; (c) MHC shall comply with the capital investment per employee of at least RM140,000;	Complied

6. BUSINESS OVERVIEW *(cont'd)*

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<p>(d) Full-time employment of MHC must consist of at least ⁽¹⁾ 80% Malaysians by 31 December 2022. The employment of foreign employees obtained through outsourcing shall be subject to the current policy; and</p> <p>Note:</p> <p>(1) As at the LPD, the full-time employees of MHC consist of 43.8% Malaysians. MHC intends to employ more Malaysians in the next 12 months in order to comply with this condition by 31 December 2024. As part of our Group's efforts to meet the local worker requirement, we have participated and will be participating in workshops, job fairs and other events organised by ECERDC together with the Malaysia Productivity Corporation (a government agency that has been assisting companies to identify potential local workers) and/or other government agencies.</p>	

6. BUSINESS OVERVIEW *(cont'd)*

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						<p>(e) MHC shall submit information on its investment performance and project implementation pursuant to the Industrial Coordination Act 1975 and MIDA (Incorporation) Act 1965 as may be required by MIDA. The failure to submit such information may result in the following:</p> <p>(i) MHC has committed of an offence and shall be liable to a fine not exceeding RM1,000 or to imprisonment for a term not exceeding 3 months or both and to a further fine not exceeding RM500 for each day that the offence remains unrectified;</p> <p>(ii) MHC commits an offence if it gives any statement or other information which is false or misleading that is material and may be liable to a fine not exceeding RM2,000 or to imprisonment for a term not exceeding 6 months, or both; and</p>	

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						(iii) MHC must implement its projects as approved and comply with the laws and regulations enacted in Malaysia.	
13.	MHC	Certificate of fitness in accordance with Factories and Machinery Act 1967 ("FAMA") and Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations, 1970 ("FAMA Regulations") in respect of an unfired pressure vessel (receiver) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	Department of Occupational Safety and Health ("DOSH")	Certificate No. PMT-PH/22 53745 Registration No. PH PMT 81915	17 July 2022 / 6 October 2023	Nil	Not applicable
14.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (receiver) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53744 Registration No. PH PMT 81916	17 July 2022 / 6 October 2023	Nil	Not applicable

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
15.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (receiver) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53726 Registration No. PH PMT 81917	17 July 2022 / 6 October 2023	Nil	Not applicable
16.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (condenser) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53727 Registration No. PH PMT 81918	17 July 2022 / 6 October 2023	Nil	Not applicable
17.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (condenser) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53728 Registration No. PH PMT 81919	17 July 2022 / 6 October 2023	Nil	Not applicable

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
18.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (oil chiller) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53729 Registration No. PH PMT 81920	17 July 2022 / 6 October 2023	Nil	Not applicable
19.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (intercooler) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53730 Registration No. PH PMT 81921	17 July 2022 / 6 October 2023	Nil	Not applicable
20.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (suction accumulator) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53731 Registration No. PH PMT 81922	17 July 2022 / 6 October 2023	Nil	Not applicable

6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
21.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (suction accumulator) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53732 Registration No. PH PMT 81923	17 July 2022 / 6 October 2023	Nil	Not applicable
22.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (oil separator) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53733 Registration No. PH PMT 81924	17 July 2022 / 6 October 2023	Nil	Not applicable
23.	MHC	Certificate of fitness in accordance with FAMA and FAMA Regulations in respect of an unfired pressure vessel (oil separator) located at Kuantan Integrated Fish Processing Park, Jalan Seri Kemunting 2, Tanah Putih, 25100 Kuantan, Pahang	DOSH	Certificate No. PMT-PH/22 53734 Registration No. PH PMT 81925	17 July 2022 / 6 October 2023	Nil	Not applicable



6. BUSINESS OVERVIEW (cont'd)

No.	Company	Description of approval / licence / permit	Authority	License / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
24.	MHC	Income tax exemption for a period of 10 years for income earned from processing of frozen seafood products during the said period	Malaysian Investment Development Authority	Approved under the Income Tax (Exemption) (No. 6) 2016/P.U.(A) 159/2016, Income Tax Act 1967	Commencing from the year of assessment 2018 up to the year of assessment 2027	MHC shall continue to operate in the KIFPP Processing Facility	Complied

6.18 Patents, Trademarks and Registrations






As at the LPD, save as disclosed below, our Group does not have any other patents, trademarks and registrations:

Registered trademarks

No.	Trademark	Issuing authority	Registered owner	Class no.	Trademark no.	Registration validity
1.		Intellectual Property Corporation of Malaysia ("MyIPO")	MHC	Class 29 – Frozen seafood products and frozen meat products.	TM2015006153	10 June 2015 to 10 June 2025
2.		MyIPO	MO	Class 29 – Frozen foods consisting principally of fish meat, poultry, vegetables, seafood.	TM2015012118	25 November 2015 to 25 November 2025

6. BUSINESS OVERVIEW (cont'd)

Trademark applications

No.	Trademark	Issuing authority	Applicant	Class no.	Application no.	Application date	Status
1.		MyIPO	MHC	Class 29 – Frozen seafood	TM2020009559	29 May 2020	Pending appeal ⁽¹⁾
2.		MyIPO	HGMC	Class 35 – Online retail store services featuring foodstuffs	TM2020014037	13 July 2020	Pending appeal ⁽²⁾
3.		MyIPO	HGMC	Class 29 – Frozen fish, frozen meat, frozen meals consisting primarily of meat, fish, poultry or vegetables, and frozen prawns	TM2021027498	5 October 2021	Pending appeal ⁽³⁾
4.		MyIPO	MO	Class 29 – Frozen fish, frozen meat, frozen meals consisting primarily of meat, fish, poultry or vegetables, and frozen prawns	TM2021027499	5 October 2021	Pending appeal ⁽³⁾
5.		MyIPO	MHC	Class 29 – Abalones, not live; anchovies, processed; anchovy fillets; bacon; bean curd; broth; canned fish; chicken; chicken burger patties; chicken croquettes; chilled foods consisting predominantly of fish; chilled foods consisting predominantly of game; chilled foods consisting predominantly of meat; chilled foods consisting predominantly of poultry; chopped meat patties; crabs, not live; croquettes; fish cakes; fish croquettes; fish fillets; fish products prepared for human consumption; fish, not live; fish, preserved; fish, tinned; fishmeal for human consumption; food pastes made from meat; food products made from fish; frozen appetizers	TM2022015855	24 June 2022	Pending registration ⁽⁴⁾

6. BUSINESS OVERVIEW *(cont'd)*

<u>No.</u>	<u>Trademark</u>	<u>Issuing authority</u>	<u>Applicant</u>	<u>Class no.</u>	<u>Application no.</u>	<u>Application date</u>	<u>Status</u>
				consisting primarily of seafood; frozen fish; frozen meals consisting primarily of meat, fish, poultry or vegetables; frozen meat; frozen seafood; game, not live; ham; hamburgers [meat patties]; lard; laver, preserved; lobsters, not live; meat; meat extracts; meat, preserved; meat, tinned; meatballs; mussels, not live; oysters, not live; pork; pork, tinned; poultry, not live; prawns, not live; prepared main courses consisting primarily of seafood; prepared meals consisting primarily of meat, fish, poultry or vegetables; processed bean sprouts; processed fish; processed seafood; salmon, not live; salted fish; salted meats; sardines, not live.			

Notes:

- (1) Our application was rejected on 31 May 2021 as the trademark was found to be non-compliant with the requirements of the Trademarks Act 2019 on the grounds, amongst others, that the mark has no distinctive features. We had submitted an appeal application to MyIPO on the rejection on 14 June 2021 and are awaiting their decision on the appeal as at the LPD.
- (2) Our application was rejected on 10 January 2022 as the trademark was found to be non-compliant with the requirements of the Trademarks Act 2019 on, amongst others, that the mark has no distinctive features. We had submitted an appeal application to MyIPO on the rejection on 10 January 2022 and are awaiting their decision as at the LPD.
- (3) Our application was rejected on 4 July 2022 as the “MO Wholesale Centre” mark (disclosed in item 3 of the table above) and “MO Foodmart” mark (disclosed in item 4 of the table above) were found to be non-compliant with the requirements of the Trademarks Act 2019 on the grounds, amongst others, that the marks were too similar to each other. We had submitted an appeal application to MyIPO on the rejection on 29 July 2022 clarifying that both MO and HGMC are held by a common shareholder, and are awaiting their decision as at the LPD.
- (4) We have submitted an application for registration of the trademark and MyIPO is in the process of verifying the documents and information submitted during the trademark application process before a decision is made on the said application.

6. BUSINESS OVERVIEW (cont'd)

Should any of the above appeal applications be unsuccessful, we can rebrand our frozen seafood products that are currently being sold under the respective marks with a different trademark. In the meantime, we do not expect any material impact to our Group's business operations as most of our frozen seafood products are sold through our outlets and our online marketplace, "MO Signature™", which enable our customers to better recognise our trademark as compared to other similar trademarks, if any.

6.19 Contracts/Arrangements/Documents Which Our Group is Materially Dependent on

Save as disclosed below, as at the LPD, there are no contracts, agreements, arrangements or documents entered into by our Group or issued to our Group which we are materially dependent on and which are material to our business and profitability:

ECERDC Commercial Agreement

Background

On 10 March 2016, the ECERDC Commercial Agreement was entered into between ECERDC, MHC, Meng How (M) and Meng How Group for the companies to commercially invest in, operate and manage the KIFPP Processing Facility ("**Project**"). Pursuant to the ECERDC Commercial Agreement, we have also obtained income tax exemption for a period of 10 years up to year of assessment 2027 commencing from the year of assessment 2018.

On 23 September 2021, ECERDC, Meng How (M), Meng How Group, MHC and PT Resources entered into the Novation Agreement in which Meng How (M) and Meng How Group novated all of their rights, duties, obligations and liabilities under the ECERDC Commercial Agreement to PT Resources.

References to "Anchor Companies" shall hereinafter refer collectively to PT Resources and MHC. The salient terms of the ECERDC Commercial Agreement including terms amended/added pursuant to the Novation Agreement are as follows:

Term

The ECERDC Commercial Agreement came into effect on 2 December 2016 upon fulfilment of the conditions precedent of the ECERDC Commercial Agreement and shall be effective for 30 years until its expiry on 1 December 2046⁽¹⁾ and/or earlier termination in accordance with the termination provisions therein ("**Agreement Period**"). The ECERDC Commercial Agreement may be renewed for a further period to be agreed upon by the ECERDC and the Anchor Companies subject to 6 months' prior written notice being given by either the ECERDC or the Anchor Companies.

Note:

- (1) For information, the later expiry date of the ECERDC Commercial Agreement of 1 December 2046 as compared to the latest expiry date of the LKIM Lease Agreement of 31 August 2046 as stated below is mainly due to a delay in the fulfilment of the conditions precedent of the ECERDC Commercial Agreement resulting in the ECERDC Commercial Agreement only being effective on 2 December 2016.

The ECERDC Commercial Agreement shall continue to subsist subject to the continued renewal of the LKIM Lease Agreement as detailed below.

6. BUSINESS OVERVIEW *(cont'd)*

Anchor Companies' Obligations

The Anchor Companies' obligations under the ECERDC Commercial Agreement comprise, amongst others, the following:

- (i) enter into the LKIM Lease Agreement in respect of the lease of the KIFPP Processing Facility, which was first entered into on 30 November 2016 and renewed on 8 November 2019;
- (ii) establish and implement SOPs, policies and procedures in respect of product quality, food safety, traceability requirements, health safety and environment, and waste disposal in accordance with domestic and international standards. The Anchor Companies shall maintain proper records showing that the Anchor Companies and their personnel, subcontractors and agents have adhered to the abovementioned SOPs, which includes the ISO 22000:2005, HACCP, GMP and MeSTI Secure Food Certification Scheme;
- (iii) ensure that its operations and activities meet recognised and applicable product standards, specific importer requirements and such other standards and certifications recognised by the Ministry of Agriculture and Food Industries. Please refer to Section 6.7 of this Prospectus for the certifications obtained by our Group;
- (iv) comply with all laws and regulations applicable to its operations and activities including those in relation to health, safety, security and the environment;
- (v) procure, build, develop, operate, manage and maintain the necessary infrastructure and utilities requirements at the KIFPP Processing Facility at the Anchor Companies' own costs;
- (vi) hold the infrastructure, buildings, and utilities which were constructed by the ECERDC and leased from the LKIM ("**Infrastructure**") on trust for the ECERDC and to maintain the Infrastructure in good working condition;
- (vii) ensure the general upkeep and cleanliness of the KIFPP;
- (viii) ensure the establishment, operation and management of a commercially viable and sustainable fish processing park; and
- (ix) ensure the "controlling interest" ⁽¹⁾ in the Anchor Companies should at all times be a Malaysian entity or individual ("**Malaysian Shareholding Restriction**").

Note:

- (1) "Controlling interest" means any person, corporation, association, partnership or other entity:
 - (a) which holds and beneficially controls, directly or indirectly, in excess of 50% of the issued share capital of the company;
 - (b) in respect of which that person, corporation, association, partnership or other entity controls (either directly or indirectly) the composition of that company's board of directors; or
 - (c) in respect of which such person, corporation, association, partnership or other entity is in a position to cast or control (either directly or indirectly) the casting of more than 50% of the number of votes that may be cast at a shareholders' meeting of that company.

6. BUSINESS OVERVIEW *(cont'd)*

Step-In Rights

The ECERDC or LKIM shall have the absolute discretion to carry out any of the obligations of the Anchor Companies under the ECERDC Commercial Agreement in the event that the Anchor Companies fail to carry out any such obligations. Any costs and expenses incurred by the ECERDC and/or LKIM shall be reimbursed by the Anchor Companies to the ECERDC and/or LKIM.

Indemnities

The Anchor Companies shall indemnify the ECERDC, its personnel, employees, servants or agents against loss of or damages to property or bodily injury sustained by it or them including death by reason of any wilful default, act of neglect and/or omission of the Anchor Companies, their personnel, employees, servants or agents whilst performing their duties within the scope of their work for the Anchor Companies.

The Anchor Companies shall be liable for and shall indemnify the ECERDC from and against all injuries to and including death of, and/or all loss of or damages to property of third parties arising out of or in connection with the performance of their obligations under the ECERDC Commercial Agreement whether or not such injuries, death, loss or damages was caused by or contributed to or was partly attributable to any act, omission, fault, negligence or lack of due diligence of the ECERDC or any of its employees, servants or agents.

Termination

The ECERDC may terminate the ECERDC Commercial Agreement by giving written notice to the Anchor Companies in the following events:

- (i) the Anchor Companies have breached the terms of the ECERDC Commercial Agreement and such breach is not capable of being remedied;
- (ii) the Anchor Companies have breached the terms of the ECERDC Commercial Agreement and such breach is capable of being remedied, but remains unremedied by the Anchor Companies within the period stipulated in the written notice from the ECERDC to the Anchor Companies requiring the Anchor Companies to remedy such breach; or
- (iii) the Anchor Companies are convicted by a court of law for corruption or unlawful activities in breach of the ECERDC Commercial Agreement, and the Anchor Companies shall pay to the ECERDC all compensation, damages, costs and expenses incurred by the ECERDC arising from the termination of the ECERDC Commercial Agreement.

Upon such termination or expiry of the ECERDC Commercial Agreement, the following shall apply:

- (i) the Anchor Companies shall cease all of its operations at the KIFPP Processing Facility and vacate the KIFPP. The Anchor Companies shall also handover the Infrastructure to the ECERDC in good operational condition;
- (ii) the Anchor Companies shall terminate and/or procure the proper resolution of the LKIM Lease Agreement and all other legally binding arrangements that are no longer applicable due to termination of the ECERDC Commercial Agreement;
- (iii) the Anchor Companies shall compensate the ECERDC for any losses and damages as a result of termination of the ECERDC Commercial Agreement; and
- (iv) all rights in the KIFPP shall revert to the ECERDC and LKIM in accordance with the terms of the ECERDC Commercial Agreement.

6. BUSINESS OVERVIEW *(cont'd)*

In addition, if ECERDC chooses to terminate the ECERDC Commercial Agreement by giving 1 month written notice to the Anchor Companies and the parties subsequently enter into a termination agreement on terms and conditions to be mutually agreed upon, the Anchor Companies shall continue to operate at the KIFPP Processing Facility subject to the terms of the LKIM Lease Agreement and/or other documents and agreements as may be required by LKIM. Simultaneous with the execution of the termination agreement, the Anchor Company(ies) shall execute such documents and/or agreements required by LKIM to cater for the continued occupation of the KIFPP Processing Facility by the Anchor Company(ies) upon such terms and conditions to be mutually agreed upon.

Pursuant to item (ix) of the Anchor Companies' Obligations, we had obtained a written undertaking from our Promoter, namely Heng Chang Hooi that throughout the term of the ECERDC Commercial Agreement:

- (i) he will hold no less than 51% equity interest in our Company;
- (ii) in the event he holds less than 51% equity interest in our Company ("**Triggering Event**"), he will obtain ECERDC's prior written consent in respect of the Triggering Event and to abide by the conditions (if any) imposed by the ECERDC; and
- (iii) in the event of a Triggering Event, he will indemnify our Company from any and all damages and losses that may be suffered by our Company and MHC as a result of such Triggering Event.

In the event Heng Chang Hooi fails to meet the abovementioned conditions, it shall be deemed to be a remediable breach under the ECERDC Commercial Agreement, and Heng Chang Hooi shall be required to remedy such breach within the period stipulated in the written notice from the ECERDC to the Anchor Companies, failing which shall give ECERDC the right to terminate the ECERDC Commercial Agreement.

LKIM Lease Agreement

Pursuant to the ECERDC Commercial Agreement and in furtherance of the Project, LKIM and MHC had entered into a lease agreement dated 30 November 2016 for a lease of the KIFPP Processing Facility from 1 September 2016 for a period of 3 years, which can be renewed every 3 years up to 31 August 2046 subject to the LKIM's approval. The lease was last renewed from 1 September 2022 and will expire on 31 August 2025. Please refer to item 1 of rented properties under Section 6.20 of this Prospectus for further details of the current lease. The other salient terms of the LKIM Lease Agreement are as follows:

Termination

The LKIM may terminate the LKIM Lease Agreement by providing written notice to MHC in any of the following events:

- (i) MHC breaches any of its covenants and/or obligations under the LKIM Lease Agreement and fails to remedy such breach within 30 days of being notified to do so by the LKIM;
- (ii) the monthly rental or other applicable fees remain in arrears for 2 months after being due;
- (iii) MHC sublets, surrenders, exchanges, or transfers possession of its equipment and/or possession of the KIFPP Processing Facility without the LKIM's prior written consent;
- (iv) MHC fails to maintain or repair the condition of its equipment and/or the condition of the KIFPP Processing Facility within 14 days of being notified to do so by the LKIM;
- (v) MHC is subject to insolvency proceeds, liquidation proceedings, receivership proceedings, or is subject to a court judgement or court order for the seizure of MHC's equipment or the KIFPP Processing Facility;

6. BUSINESS OVERVIEW *(cont'd)*

- (vi) the LKIM is of the opinion that the LKIM Lease Agreement is required to be terminated for the purpose of national importance, national safety, or to comply with any orders or rulings made by the Malaysian Government; and
- (vii) MHC, its employees or its agents engage in illegal activities.

In addition to the above, MHC may terminate the LKIM Lease Agreement by providing 3 months' written notice to the LKIM.

In the event that MHC fails to remedy a remediable breach within the period as may be specified by the LKIM in its notice, the LKIM shall have the right to re-enter the KIFPP Processing Facility to take vacant possession of the KIFPP Processing Facility and reclaim any assets as may be owned by the LKIM, whereupon MHC shall be required to do the following:

- (i) pay to the LKIM the monthly rental for the remaining unexpired term of the LKIM Lease Agreement as well as all outstanding utilities bills pursuant to the LKIM Lease Agreement; and
- (ii) return the KIFPP Processing Facility and assets to the LKIM in its original condition prior to the commencement of the LKIM Lease Agreement. If MHC fails to return the KIFPP Processing Facility and assets in their original condition, any additional costs incurred by the LKIM to restore the KIFPP Processing Facility and/or assets to its original condition shall be deemed as a debt owed by MHC to the LKIM.

Indemnities

MHC shall protect and indemnify the LKIM in full for all claims or losses incurred either directly or indirectly by the LKIM resulting from MHC's actions or negligence, or the negligence of MHC's agents, employees, visitors or representatives.

Renewal

The LKIM may renew the LKIM Lease Agreement subject to fulfilment of the following:

- (i) MHC continues to comply with its obligations under the ECERDC Commercial Agreement;
- (ii) MHC continues to meet the key performance indicators as may be set by the LKIM;
- (iii) MHC continues to fulfil its obligations under the LKIM Lease Agreement; and
- (iv) MHC is not in breach of any terms and conditions of the LKIM Lease Agreement.

Provided that MHC fulfils the above criteria, LKIM may at MHC's written request made within 3 months prior to expiration, renew the LKIM Lease Agreement for a further 3-year period on the same terms and conditions (except for the applicable monthly rental, which shall increase at a rate not exceeding 5% of the preceding monthly rental or current market rental rate, whichever is lower). Any other fees payable by MHC under the LKIM Lease Agreement must be determined in advance by the LKIM prior to the renewal.

6. BUSINESS OVERVIEW (cont'd)

6.20 Properties, Plant and Equipment

A summary of the properties owned by our Group for our operations as at the LPD are as follows:

No.	Registered owner	Title / Postal address	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Built-up area	Date of issuance of CF / CCC	NBV as at 30 Apr 2022 RM'000
1.	Registered owner MO	Title GM 38140, Lot 162943, Batu 6½ Jalan Gambang, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description 3-storey shop office	Category of land use Building	Restrictions in interest This land may not be transferred, leased, or charged without the consent of the Director of the Pahang Department of Lands and Mines	Land area 130 sqm Built-up area 376.26 sqm	22 Feb 2017	1,007
	Beneficial Owner Not applicable	Existing use Ground floor: Retail outlet Postal address 1st and 2nd floors: Workers accommodation B22, Lorong Seri Damai Perdana 57, Jalan Gambang, 25150 Kuantan, Pahang		Tenure Freehold	Encumbrances Charged to Hong Leong Bank Berhad			
2.	Registered owner MO	Title GM 38141, Lot 162944, Batu 6½ Jalan Gambang, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang	Description 3 storey shop office	Category of land use Building	Restrictions in interest This land may not be transferred, leased, or charged without the consent of the Director of the Pahang Department of Lands and Mines	Land area 130 sqm Built-up area 376.26 sqm	22 Feb 2017	1,007
	Beneficial Owner Not applicable	Existing use Ground floor: Retail outlet Postal address 1st floor: Vacant 2nd floor: Vacant B24, Lorong Seri Damai Perdana 57, Jalan Gambang, 25150 Kuantan, Pahang		Tenure Freehold	Encumbrances Charged to Hong Leong Bank Berhad			

6. BUSINESS OVERVIEW (cont'd)

No.	Registered owner	Title / Postal address	Description / Existing use	Category of land use / Tenure	Restrictions in interests / Encumbrances	Land area / Built-up area	Date of issuance of CF / CCC	NBV as at 30 Apr 2022 RM'000
3.	Registered owner MHC Beneficial Owner Not applicable	Title PM 31091, Lot 150651, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang Postal address Not applicable	Description Vacant land Existing use Not in use	Category of land use Commercial / Industrial Tenure 60-year lease expiring on 16 March 2068	Restrictions in interest This land may not be transferred, leased, or charged without the consent of the State Authority Encumbrances Charged to Bank Pertanian Malaysia Berhad (Agrobank)	Land area 4,464 sqm Built-up area Not applicable	Not applicable	2,455
4.	Registered owner HGMC Beneficial Owner Wonzong Brother Trading & Construction Sdn Bhd ⁽¹⁾	Title HSD 57483, PT 120930, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang Postal address B50, Jalan Biz Park Utama, Kuantan Biz Park, 25100 Kuantan, Pahang	Description 3 storey shop office Existing use Workers accommodation	Category of land use Building Tenure 99-year lease expiring on 23 September 2117	Restrictions in interest This land may not be transferred, leased, or charged without the consent of the State Authority Encumbrances <ul style="list-style-type: none"> Charged to Maybank Islamic Berhad Private caveat lodged in favour of Malayan Banking Berhad 	Land area 152.4 sqm Built-up area 457.4 sqm	17 October 2014	630

6. BUSINESS OVERVIEW (cont'd)

Note:

- (1) HGMC is the legal registered owner of this property pursuant to a sale and purchase agreement dated 29 August 2018 entered into between HGMC and Wonzong Brother Trading & Construction Sdn Bhd (“Vendor”). The Vendor is still the beneficial owner of this property in view that part of the purchase consideration is pending disbursement by our financier, Maybank Islamic Berhad to the Vendor as at the LPD.

A summary of the properties rented by our Group for our operations as at the LPD are as follows:

No.	Landlord	Tenant	Property address	Description / Existing use	Land area / Built-up area	Tenure	Rental per annum RM
1.	LKIM	MHC	Kuantan Integrated Fish Processing Park (KIFPP), Jalan Seri Kemunting 2, 25100 Tanah Putih, Kuantan, Pahang ⁽²⁾	Description: 1½-storey detached building Existing use: Processing facility including cold room and management office	Land area: 24,401.78 sqf Built-up area: 25,951.78 sqf	3 years commencing from 1 September 2019 to 31 August 2022 and renewed for an additional 3-year term commencing from 1 September 2022 to 31 August 2025 We may renew this tenancy every 3 years up to 31 August 2046, subject to the Landlord’s agreement	144,000
2.	Chandra Velu	MHC	Unit K3-5-12, Tower 3, UOA Business Park, Jalan Pengaturcara U1/51A, Section U1 Kawasan Perindustrian Temasya, 40150 Shah Alam, Selangor	Description: Office lot Existing use: Management office	Land area: Not applicable ⁽¹⁾ Built-up area: 1,227.09 sqf	Period commencing from 1 March 2020 to 31 August 2022 ⁽³⁾ The tenancy can be extended for a further 1-year period by giving the Landlord at least 1 months’ written notice	71,896

6. BUSINESS OVERVIEW (cont'd)

No.	Landlord	Tenant	Property address	Description / Existing use	Land area / Built-up area	Tenure	Rental per annum RM
3.	Big 10 Properties Sdn Bhd	HGMC	Ground Floor, No. 41, Ground Floor, Jalan Sultan Abdullah, 26600 Pekan, Pahang	Description: 1 floor of a 3-storey shop office Existing use: Retail outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 2,002.09 sqf	3 years commencing from 1 August 2022 to 31 July 2025 The tenancy can be extended for a further 3-year period by giving the Landlord at least 3 months' written notice	66,000
4.	Kuantan Municipal Council	HGMC	Kompleks Pasar Borong Baru Kemunting Kuantan, Jalan Kemunting 2, 25100 Kuantan, Pahang	Description: 2-storey detached building Existing use: Wholesale outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 31,075.41 sqf	3 years commencing from 1 September 2019 to 31 August 2022 ⁽⁴⁾ The tenancy can be extended every 3 years up to 31 August 2040 by giving the Landlord at least 3 months' written notice	120,000
5.	Nadia Binti Noordin	MO	Ground Floor, No. B2/1470, Perkampungan Balok Permai, Jalan Kuantan-Kemaman, 26000 Kuantan, Pahang	Description: 1 floor of a 2-storey shop office Existing use: Retail outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 1,496.18 sqf	3 years commencing from 1 February 2022 to 31 January 2025 The tenancy can be extended for a further 3-year period by giving the Landlord at least 3 months' written notice	43,920
6.	Ti Boon Leong and Peter Liew Kok Hang	MO	Ground Floor Lot 1052 and 1053, and 2 nd Floor, Lot 1052, Jalan Sulaimani, 24000 Kemaman, Terengganu	Description: 1½ floors of 2 adjacent 3-storey shop office Existing use: Retail outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 4,316.33 sqf	3 years commencing from 1 August 2020 to 31 July 2023 The tenancy can be extended for a further 3-year period by giving the Landlord at least 2 months' written notice	114,000

6. BUSINESS OVERVIEW (cont'd)

No.	Landlord	Tenant	Property address	Description / Existing use	Land area / Built-up area	Tenure	Rental per annum RM
7.	Syarikat Kemaman Motor Parts Supply	MO	Ground Floor and Basement Floor, K-90K, Taman Idaman, Jalan Jakar, 24000 Kemaman, Terengganu	Description: 1 floor of a 3-storey shop office and a basement Existing use: Retail outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 1,937.51 sqf	3 years commencing from 1 December 2021 to 30 November 2024 The tenancy can be extended for a further 3-year period by giving the Landlord at least 2 months' written notice	40,800
8.	Arifin Bin Embong	MO	Lot 8217, Jalan Besar, Kampung Cacar Baru, 23100 Paka, Terengganu	Description: 1 floor of a 2-storey shop office Existing use: Retail outlet	Land area: Not applicable ⁽¹⁾ Built-up area: 1,603.82 sqf	3 years commencing from 1 February 2021 to 31 January 2024 The tenancy can be extended for a further 3-year period by giving the Landlord at least 2 months' written notice	31,800

Notes:

- (1) Not applicable as the leased property is a shophot.
- (2) Pursuant to an inspection by the Fire and Rescue Department Malaysia – Pahang in August 2020, we were advised that a high-tension electrical room located adjacent to the KIFPP Processing Facility would require rectification works to be done. Please refer to Section 9.1.2 of this Prospectus for further details of the said rectification works.
- (3) We have provided written notice to the landlord for this rented property to extend the tenure of this tenancy for a further 1-year period from 1 September 2022 to 31 August 2023.
- (4) We have provided written notice to the landlord for this rented property to extend the tenure of this tenancy for a further 3-year period from 1 September 2022 to 31 August 2025.

6. BUSINESS OVERVIEW (cont'd)

A summary of the fleet of motor vehicles owned and used by our Group for our operations as at the LPD are as follows:

No.	Type of motor vehicle	Functions	No. of units	Average age Years	NBV as at 30 Apr 2022 RM'000
1.	Refrigerated truck	Delivery of chilled and frozen products to customers in the East Coast region of Peninsular Malaysia	5	1.9	218
2.	Non-refrigerated truck	Delivery of products to customers in the East Coast region of Peninsular Malaysia	2	7.4	-

6.21 Production Capacity and Output

The maximum production capacity and utilisation rates of the KIFPP Processing Facility for the FYE 2019 to FYE 2022 and up to the LPD are set out below:

	(1)(2) Maximum production capacity	Actual production	Utilisation rate
	tonnes	tonnes	%
FYE 2019	22,080	4,813	21.8
FYE 2020	22,080	9,655	43.7
FYE 2021	22,080	8,584	38.9
FYE 2022	22,080	14,652	66.4
1 May 2022 up to the LPD	⁽³⁾ 5,565	3,348	60.2

Notes:

- (1) Maximum production capacity is calculated based on maximum volume of seafood that can be frozen daily and 345 working days (i.e. excluding 20 days of public holidays and scheduled maintenance) in a year using our IQF freezer and semi-contact blast freezers.
- (2) Maximum production capacity is based on two 8-hour shifts per day. For information purposes, the KIFPP Processing Facility generally operates on one 8-hour shift per day. However, the KIFPP Processing Facility will operate on two 8-hour shifts per day or extended shifts when required.
- (3) Proportionate based on annual maximum production capacity.

The IQF freezer can typically freeze between 3 - 4 tonnes of fishes, between 2 - 2.5 tonnes of prawns or approximately 2 tonnes of squids per hour. Depending on the size and weight, each of the semi-contact blast freezers will take approximately 4 hours for 1.4 tonnes of fishes, prawns or squids to be fully frozen.

6. BUSINESS OVERVIEW (cont'd)

The KIFPP Processing Facility is also limited by the volume of products that can be stored at our cold room in the KIFPP Processing Facility. The maximum capacity and utilisation rates of our cold room in the KIFPP Processing Facility for the FYE 2019 to FYE 2022 and up to the LPD are set out below:

	(1) Maximum storage capacity	(2) Highest storage utilisation	Utilisation rate
	tonnes	tonnes	%
FYE 2019	700	650	92.9
FYE 2020	700	650	92.9
FYE 2021	700	650	92.9
FYE 2022	700	700	100.0
1 May 2022 up to the LPD	700	700	100.0

Notes:

- (1) Maximum annual storage capacity is calculated based on maximum volume of frozen seafood supplies and products that can be stored in the cold room at a point in time.
- (2) Highest storage utilisation was calculated based on highest use of storage space during the financial year or period.

We store our excess supplies and products at third-party cold room facilities in the event of insufficient space in our cold room at the KIFPP Processing Facility.

6.22 Future Plans and Strategies

The following strategies have been identified as a means to strengthen our processing and trading of frozen seafood products as well as retail trading of other products segments:

(i) We plan to set up a new cold storage warehouse

At present, we have a cold room at the KIFPP Processing Facility to store our frozen seafood supplies and products, which reached a utilisation rate of 100% during the FYE 2022 as indicated in Section 6.21 of this Prospectus. In addition, our "MO Wholesale Centre" is also equipped with a cold room that is mainly used to store products that are to be retailed at our "MO Wholesale Centre" and/or prior to distribution to our "MO Foodmart™" outlets. In the event there is insufficient space at our cold rooms in the KIFPP Processing Facility and "MO Wholesale Centre", we have stored our frozen seafood supplies and products as well as other products in third-party cold room facilities which reached a maximum tonnage of 4,458 tonnes during the period from 1 May 2022 up to the LPD.

We expect to receive increasing orders from customers in view of our future plans and strategies as described in Sections 6.22(ii) and 6.22(iii) of this Prospectus. Thus, we recognise that we require additional cold room to store our frozen seafood supplies and products to cater for this demand. Further, in anticipation of the expansion in number of outlets via licensing as described in Section 6.22(iii) of this Prospectus, we will also need to cater for additional cold rooms to store other products that are frozen or chilled as these products are required to be stored at different temperatures and in separate cold rooms in compliance with ISO 22000:2005 certification for food safety management system.

As such, we intend to set up a new cold storage warehouse which will not only be used to store our frozen seafood supplies and products, but also chilled and frozen meat, fruits and vegetables which are to be sold at our outlets and online marketplace.

6. BUSINESS OVERVIEW (cont'd)

We have an existing plot of vacant land measuring 4,464 sqm at PM 31091, Lot 150651, Mukim Kuala Kuantan, Daerah Kuantan, Negeri Pahang which will be the proposed site for our new cold storage warehouse. This plot of land is located within 5 km from the KIFPP Processing Facility and our "MO Wholesale Centre" outlet. The details of the vacant land are as follows:

Date of acquisition	: 5 September 2014
Consideration	: RM2.9 million, which was funded via internally generated funds and bank borrowing
Category of land use	: Commercial / Industrial ⁽¹⁾

Note:

- (1) Our new cold storage warehouse to be constructed thereon is in compliance with the land use condition.

The intended location for the new cold storage warehouse is as depicted below:



The new cold storage warehouse is expected to have a total built-up area of 28,392 sqf, comprising 6 separate cold rooms, anteroom, 5 loading/unloading bays and an adjoining 3-storey administrative office. The 6 separate cold rooms will be used to store different types of supplies and products and are estimated to have a total storage capacity of 3,300 tonnes⁽¹⁾.

Note:

- (1) Estimated based on the size of the cold rooms and the average tonnage of frozen seafood products per area. The storage capacity may vary if the cold rooms are utilised to store other types of products (e.g. chilled and frozen meat and non-meat products).

The temperature of these cold rooms can be controlled individually to allow the storage of different supplies and products that are needed to be stored in different temperature ranges. The new cold storage warehouse will be designed to comply with the ISO 22000:2005 certification for food safety management system.

6. BUSINESS OVERVIEW (cont'd)

When the new cold storage warehouse is operational, we intend to maintain a higher level of inventories to cater for the expected increase in sales to international customers and expansion of outlets via licensing as well as to store not only frozen seafood supplies and products but also chilled and frozen meat, fruits and vegetables.

Thus, the new cold storage warehouse will increase our maximum storage capacity from 700 tonnes at the KIFPP Processing Facility to 4,000 tonnes and will enable us to:

- (a) increase storage capacity to cater for growing demand for our frozen seafood products. As illustrated in Section 6.21 of this Prospectus, we are only able to store up to 700 tonnes of frozen seafood supplies and products in our existing cold room at the KIFPP Processing Facility, which reached a utilisation rate of 100% during the FYE 2022. In addition, we have stored excess supplies and products at third-party cold room facilities which reached a maximum tonnage of 4,458 tonnes during the period from 1 May 2022 up to the LPD;
- (b) store chilled and frozen other products (including meat and non-meat products) which are required to be stored at different temperatures and in separate cold rooms in compliance with ISO 22000:2005 certification for food safety management system. We anticipate that we will require additional cold rooms to store these products as our retail trading of other products segment grows as we expand our outlets via licensing. Hence, the new cold storage warehouse with 6 separate cold rooms will allow for storage of these chilled and frozen other products;
- (c) have additional cold rooms to store seasonal seafood supplies or when there are surplus in seafood supplies, which will allow us to fulfil customers' orders throughout the year, even when seafood supplies are low or are not in season; and
- (d) facilitate us to bid for orders from potential customers which requires its suppliers to have a minimum storage capacity which exceeds our current storage capacity.

To this end, we intend to invest a sum of approximately RM17.6 million which will be used to defray the construction of our new cold storage warehouse, including the foundation works, steel structure and roofing works, mechanical and electrical works, plumbing, as well as purchase of racking systems and refrigeration systems for the cold rooms. This will be fully funded via the proceeds from our Public Issue as set out in Section 4.5 of this Prospectus.

We expect to finalise the building layout plan and obtain approval from the relevant authorities within 6 months upon receipt of the proceeds. We will commence construction thereafter and expect that the new cold storage warehouse will be fully operational within 30 months from the commencement of construction.

In order to facilitate the operation of our new cold storage warehouse, we intend to recruit an additional 40 employees, of which 5 will be managerial and supervisory operations personnel as well as finance and administration personnel. The remaining 35 will be forklift drivers, general workers and security personnel.

6. BUSINESS OVERVIEW (cont'd)**(ii) We intend to continue growing our exports of frozen seafood products to the international market, particularly Asia Pacific and Middle East**

Our revenue from the international market grew from RM13.5 million in the FYE 2019 to RM199.7 million in the FYE 2022. Consequently, the percentage contribution of revenue generated from the international market grew from 11.6% in the FYE 2019 to 57.2% in the FYE 2022.

For the past 4 FYEs, we have exported our products to countries in the Asia Pacific and the Middle East such as Saudi Arabia, China, the Philippines and the UAE. These markets present a pool of opportunities for us to expand our geographical presence in light of positive market prospects in the Asia Pacific and the Middle East as set out in the IMR Report. According to the IMR Report, the average seafood consumption in the Asia Pacific was the highest in the world at 33.9 kg per capita. While the per capita seafood consumption in the Middle East is relatively lower than the global average of 19.2 kg per capita, the Middle East imports a large volume of frozen seafood. We thus recognise that these markets will continue to present opportunities for us to tap onto and we intend to continue growing our exports to these markets.

In the past, we have successfully begun exporting our products to the Asia Pacific and the Middle East through business referrals and by attending international seafood exhibitions. We intend to continue to further expand our sales in these regions by tapping onto our existing network for business referrals. Once we can safely travel overseas and participate in international seafood exhibitions after the COVID-19 pandemic is curbed, we intend to continue participating in international seafood exhibitions. As at the LPD, we have been receiving increasing orders from our existing customers and new customers through business referrals. As such, we anticipate that we will be securing more orders in the future.

At present, our existing customer base in these markets are wholesalers who typically request for our frozen seafood products to be sold unbranded (without any brand labels). To further grow our exports to these markets, we intend to launch our own brand of frozen seafood products, be it "MyLaut" or any other brand we deem fit, to expand our customer segments in these markets to include retailers and end-customers.

Particularly in China, we have been registered with the CAIQ since 28 April 2021. With the CAIQ registration, we will be able to print a QR code on our frozen seafood packaging which will allow end-customers to scan and obtain information on our company and our processing capabilities as well as allow for product tracing (that is, the location where they have been processed and shipped). This will provide credibility to our Group's frozen seafood products sold in China, thus increasing the attractiveness of our frozen seafood products sold in China. The CAIQ QR code will also ease the process of exporting our products into the country in the future as the authorities in China will be able to easily trace the origin of our products.

We intend to market our range of frozen seafood products through sellers on online marketplaces in China and grocery retailers. We are currently in the midst of identifying suitable sellers on online marketplaces to be our distributors. Once we have identified these sellers, we will conduct our due-diligence on their background and experience to ensure that they are suitable to be our distributors. Barring any unforeseen circumstances, we intend to finalise the appointment of a distributor by the end of 2023.

The cost of purchase of seafood supplies, including those to cater for the expected growth in our exports and network of "MO Foodmart™" outlets through a licensing business model as detailed below, will be funded via our internally generated funds, bank borrowings and/or proceeds raised from our Public Issue.

6. BUSINESS OVERVIEW *(cont'd)*

(iii) We intend to expand our network of “MO Foodmart™” outlets through a licensing business model

As at the LPD, we operate 6 “MO Foodmart™” outlets in Pahang and Terengganu. The “MO Foodmart™” outlets generally focus on selling our frozen seafood products packaged in vacuum and skin packs as well as a limited range of other products to complement our frozen seafood products.

We plan to expand our network of “MO Foodmart™” outlets through a licensing business model. Our licensing business model will entail collaborating with licensees to set up “MO Foodmart™” outlets, where the licensees will be responsible for funding the set-up of the new “MO Foodmart™” outlets to our satisfaction. Meanwhile, we will supply the licensees with our range of frozen seafood products and other products to sell at these outlets. Through this licensing business model, we will be able to expand the network of “MO Foodmart™” outlets without incurring capital expenditure as well as improve our financial performance due to an increase in sales albeit at a lower profit margin as a result of supply of products at a lower price to the licensees.

Notwithstanding the above, we will charge the licensees an initial license fee and a monthly license fee, of which the amounts will be determined later, for amongst others, the use of our branding. These licensees will be selected by our Group after assessing amongst others, their financial capabilities, experience and proposed locations. In assessing the suitability of the proposed locations, we will consider amongst others, the proximity of the proposed locations to existing or upcoming “MO Foodmart™” outlets, accessibility and reach to our target customer segment in the catchment areas surrounding the proposed locations.

We are currently in the midst of identifying suitable candidates to be our licensees. Once we have identified these candidates, we will conduct our due-diligence on their background and experience to ensure that they are suitable to be our licensees.

Barring any unforeseen circumstances, we intend to finalise the appointment with our licensees to open a minimum of 3 new “MO Foodmart™” outlets by the end of 2023. We plan to prioritise our expansion of “MO Foodmart™” outlets in the East Coast region of Peninsular Malaysia. Nevertheless, we will continually assess the feasibility of opening additional “MO Foodmart™” outlets in other states in Malaysia when opportunities arise.

With the growth in the network of “MO Foodmart™” outlets, we will not only be able to build our reputation as a frozen seafood supplier, but also increase our revenue from trading of frozen seafood and other products.

6.23 Exchange Controls

Our Group has not established any other place of business outside of Malaysia and is not subject to governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

6.24 Regulatory Requirements and Environmental Issues

Our Group’s business operations are subject to the following laws and regulations:

- (a) Local Government Act 1976;
- (b) Environmental Quality Act 1974;
- (c) Factories and Machinery Act 1967;
- (d) Regulation 10(2) of the Factories and Machinery (Notification, Certificate of Fitness and Inspections) Regulations 1970;

6. BUSINESS OVERVIEW *(cont'd)*

- (e) Fisheries Development Authority Act 1971;
- (f) Food Act 1983;
- (g) Fisheries Act 1985;
- (h) Industrial Coordination Act 1975;
- (i) MIDA (Incorporation) Act 1965; and
- (j) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 and Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralized Accommodation) Regulations 2020 ("**EMSHA**").

As at the LPD, the accommodation provided by our Group to our foreign employees comply with the requirements imposed under EMSHA.

Further, save as disclosed in Sections 6.20 and 9.1.2 of this Prospectus, as at the LPD, there is no other breach of any property or land use conditions and/or non-compliance with any relevant laws, regulations, rules or requirements governing the conduct of our Group's business (including land rules and building regulations) nor any environmental issues which may materially affect our Group's business or operations and usage of properties owned and rented by our Group.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7. IMR REPORT



PROVIDENCE STRATEGIC PARTNERS SDN BHD
(1238910-A)
67-1, Block D, Jaya One, Jalan Prof Diraja Ungku Aziz,
46200 Petaling Jaya, Selangor, Malaysia.
T: +603 7625 1769

Date: 3 August 2022

The Board of Directors
PT RESOURCES HOLDINGS BERHAD
Kuantan Integrated Fish Processing Park (KIFPP)
Jalan Seri Kemunting 2
25100 Tanah Putih, Kuantan
Pahang, Malaysia.

Dear Sirs,

Independent Market Research (“IMR”) Report on the Frozen Seafood Markets in Asia Pacific and Middle East, Frozen Seafood Processing Industry in Malaysia, and Grocery Retail Industry in Malaysia, in conjunction with the Proposed Listing of PT RESOURCES HOLDINGS BERHAD on the ACE Market of Bursa Malaysia Securities Berhad

PROVIDENCE STRATEGIC PARTNERS SDN BHD (“**PROVIDENCE**”) has prepared this IMR Report on the Frozen Seafood Markets in Asia Pacific and Middle East, Frozen Seafood Processing Industry in Malaysia, and Grocery Retail Industry in Malaysia for inclusion in the Prospectus of PT RESOURCES HOLDINGS BERHAD.

PROVIDENCE has taken prudent measures to ensure reporting accuracy and completeness by adopting an independent and objective view of these industries within the confines of secondary statistics, primary research and evolving industry dynamics. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive.

For and on behalf of PROVIDENCE:

MELISSA LIM
EXECUTIVE DIRECTOR

About PROVIDENCE STRATEGIC PARTNERS SDN BHD:

PROVIDENCE is an independent boutique research and advisory firm based in Selangor, Malaysia. Since our inception, PROVIDENCE has specialised in the preparation of independent market research reports for capital market exercises on Bursa Malaysia Securities Berhad, including initial public offerings, reverse takeovers, mergers and acquisitions, as well as other related corporate exercises. Our reports aim to provide insightful business intelligence for corporations and investors through the assessment of industry dynamics.

About MELISSA LIM:

Melissa Lim is the Executive Director of PROVIDENCE. She has more than 10 years of experience in market research for capital market exercises. Melissa Lim holds a Bachelor of Commerce (Double major in Marketing and Management) from Murdoch University, Australia.

7. IMR REPORT (cont'd)



PT Resources Holdings Berhad and its subsidiaries (collectively referred to as “**PT Resources Group**” or “**the Group**”) are principally involved in the processing and trading of frozen seafood products. PT Resources Group has been selling its frozen seafood products to local and international markets, particularly countries in Asia Pacific and the Middle East such as Malaysia, Saudi Arabia, the People’s Republic of China (“**China**”), the Philippines and the United Arab Emirates (“**UAE**”). In addition, the Group also sells other products through its outlets and online marketplace. As such, this IMR report focuses on the following:

- **The frozen seafood markets in Asia Pacific and the Middle East**, to depict the demand for PT Resources Group’s frozen seafood products as these are the markets the Group presently serves;
- **The frozen seafood processing industry in Malaysia**, as this is the industry that PT Resources Group operates in; and
- **The grocery retail industry in Malaysia**, as PT Resources Group operates outlets in Malaysia.

1 THE FROZEN SEAFOOD MARKETS IN ASIA PACIFIC AND THE MIDDLE EAST

INTRODUCTION

Seafood refers to marine or freshwater organisms which are consumed as food such as fishes, crustaceans and molluscs. As seafood is highly perishable, it begins to deteriorate upon being harvested from the wild or from aquaculture farms and this will affect its quality and freshness. Thus, seafood may be processed in a variety of ways to preserve its quality, taste and shelf life. Examples of processed seafood include frozen, canned, ready-to-cook and ready-to-eat seafood products.

The value chain of the seafood processing industry begins with the harvesting of seafood from either commercial fishing or aquaculture farms. These harvested seafood can either be chilled or frozen in blocks while on-board the fishing vessel or before it is transported from aquaculture farms.

Fishing vessels will bring their catches to a fish landing jetty or port, where they are inspected and purchased by traders and/or wholesalers for onward sale to amongst others, seafood processing companies. Seafood processing companies may also purchase directly from fishing vessels at fish landing jetties or ports. As for farmed seafood, traders and seafood processing companies typically place their orders directly with the aquaculture farms.

Upon purchasing, seafood processing companies will then carry out seafood processing, which refers to the activities carried out to prepare the seafood for commercial sale. Seafood processing encompasses the following activities:

- (i) Primary seafood processing activities, which refer to basic processing activities such as defrosting, cleaning, cutting, filleting of seafood as well as frozen seafood processing activities. Frozen seafood processing activities refer to the processing of cleaned, cut and/or filleted seafood into frozen seafood products, and include blast freezing as well as individual quick freezing (“**IQF**”) to produce frozen seafood; and
- (ii) Secondary seafood processing activities refer to the further processing of chilled or frozen seafood products and by-products to produce ready-to-cook products such as pre-marinated seafood, seafood with pre-mixed sauces and pastes, and seafood dumplings or balls as well as canned seafood products or ready-to-eat seafood products such as smoked seafood or seafood-based meals. Some of these products may be frozen.

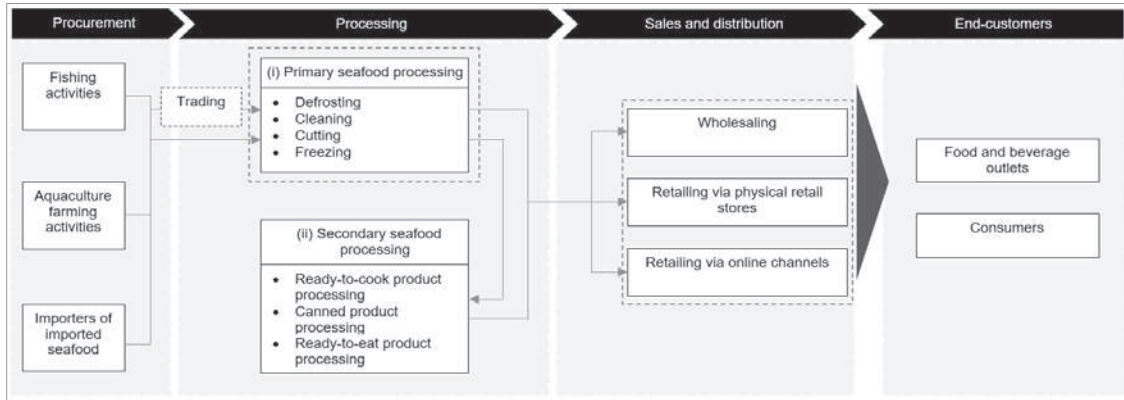
Traditionally, these products are sold to wholesalers and/or retailers. Wholesalers will sell these seafood products in bulk to foreign wholesalers or retailers, or to local retailers. Retailers, who have physical retail outlets, will sell these products to end-customers such as consumers and food and beverage (“**F&B**”) outlets. Increasingly, seafood processing companies are also marketing their seafood products directly to end-customers, particularly consumers, via online channels. Many of these seafood processing companies have set up electronic stores and/or advertise via social media platforms such as Facebook and WhatsApp.

PT Resources Group is principally involved in the processing and trading of frozen seafood products and is thus involved in primary seafood processing activities. Its frozen seafood products are sold to local and international markets, particularly countries in Asia Pacific and the Middle East.

7. IMR REPORT (cont'd)



Value chain of the seafood processing industry



Note:

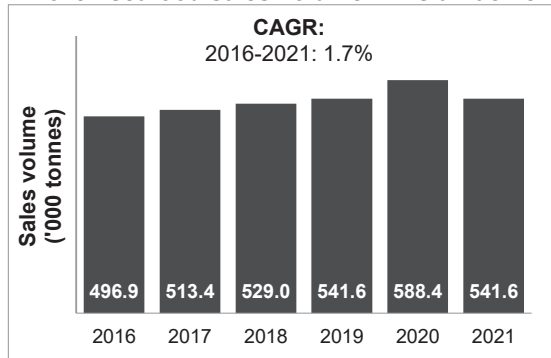
(i) [] denotes the segments in which PT Resources Group is involved

Source: PROVIDENCE

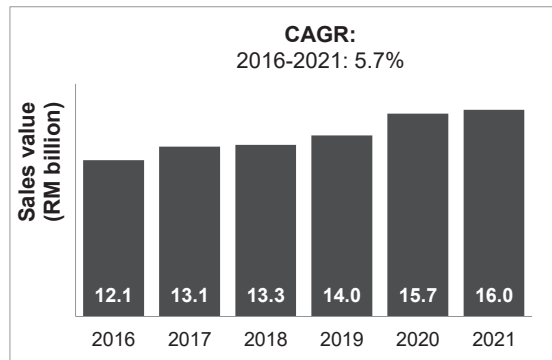
MARKET SIZE, PERFORMANCE AND GROWTH

The frozen seafood market can be depicted by retail sales volume and value of frozen seafood. Retail sales volume of frozen seafood in Asia Pacific grew at a compound annual growth rate (“CAGR”) of 1.7% between 2016 and 2021, from 496,900 tonnes to 541,600 tonnes. The frozen seafood retail sales value in Asia Pacific grew at a CAGR of 5.7% between 2016 and 2021, from RM12.1 billion to RM16.0 billion. Meanwhile, the frozen seafood retail volume in Malaysia increased from 5,500 tonnes in 2016 to 6,900 tonnes in 2021, registering a CAGR of 4.6%. The frozen seafood retail value in Malaysia increased from RM110.3 million in 2016 to RM147.7 million in 2021, registering a CAGR of 6.0%.

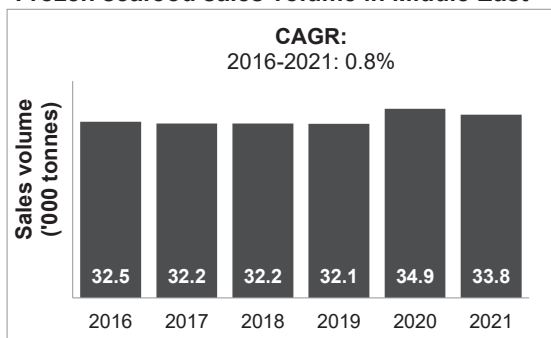
Frozen seafood sales volume in Asia Pacific



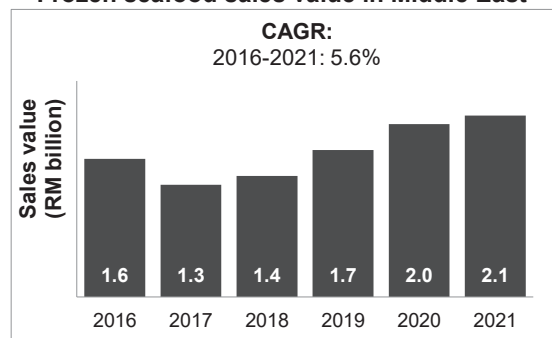
Frozen seafood sales value in Asia Pacific



Frozen seafood sales volume in Middle East



Frozen seafood sales value in Middle East



Source: Euromonitor

7. IMR REPORT (cont'd)

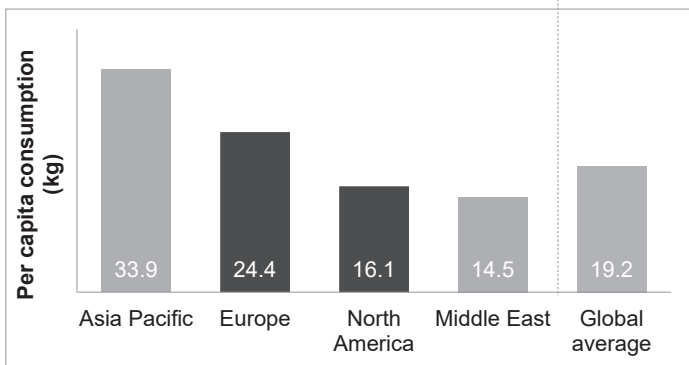


During the same period, the frozen seafood retail volume in the Middle East grew at a CAGR of 0.8%, from 32,500 tonnes in 2016 to 33,800 tonnes in 2021. In terms of sales value, the frozen seafood market in the Middle East grew at a CAGR of 5.6% from RM1.6 billion in 2016 to RM2.1 billion in 2021.

The Asia Pacific region has the highest per capita consumption of seafood globally. Malaysia is one of the top consumers of seafood in Asia Pacific, in terms of per capita consumption. In 2017, Malaysians consumed 57.6 kilograms (“kg”) per capita, and was the fourth highest consuming country in Asia Pacific behind the Maldives, Kiribati and Hong Kong. The average consumption for Asia Pacific was 33.9 kg per capita¹. In comparison, the global world average consumption was 19.2 kg per capita. Indonesia, China and the Philippines consumed 44.7 kg, 38.2 kg and 28.1 kg per capita respectively. The large population and growing middle-class society in these countries indicate that they contribute substantially to seafood demand in Asia Pacific, and have the potential for further growth.

The per capita consumption in the Middle East is relatively lower than the global average of 19.2kg per capita. Nevertheless, certain countries in the Middle East imports relatively higher volumes of frozen seafood than other countries within the region, such as the UAE, Turkey, Saudi Arabia and Israel. In 2020, the Middle East imported a total of 2,550,347 tonnes of frozen seafood, which was a significant increase from 503,154 tonnes in 2019. The UAE was the largest importer of frozen seafood among the Middle Eastern countries, comprising 2,276,439 tonnes (89.3%) of total imports in 2020 and registering a CAGR of 84.8% between 2013 and 2020. This could be attributed to decreased demand for meat, as meat imports into the UAE dropped from 1,006,560 tonnes in 2019 to 706,876 tonnes in 2020, signifying a shift in consumption patterns. Saudi Arabia was the second largest importer of frozen seafood, comprising 81,182 tonnes (3.2%) of total imports. Turkey is the third largest importer with 75,963 tonnes (3.0%) of total imports and followed by Israel, contributing 36,909 tonnes (1.4%) of total imports.

Per capita consumption of seafood by region in 2017



Note:

- (i) Per capita consumption of seafood by region is as at 2017 as the latest publicly available information for all regions and countries are as at 2017

Source: Our World in Data

Per capita seafood consumption in selected countries in Asia Pacific

Country	Per capita consumption in 2017 (kg)
Malaysia	57.6
Indonesia	44.7
China	38.2
The Philippines	28.1
Average	33.9

Note:

- (i) Per capita consumption of seafood by region is as at 2017 as the latest publicly available information for all regions and countries are as at 2017

Source: Our World in Data

¹ Excludes American Samoa, Bhutan, Brunei, Christmas Island, Cocos Islands, Cook Islands, Federated States of Micronesia, Guam, Marshall Islands, Nauru, New Caledonia, Niue, Norfolk Island, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Singapore, Tokelau, Tonga, Tuvalu and Wallis and Futuna, as data is not publicly available

7. IMR REPORT (cont'd)

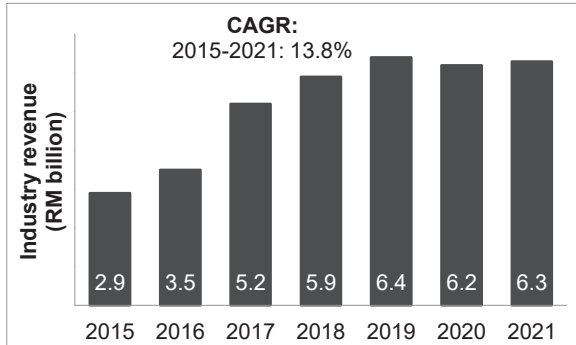


2 THE FROZEN SEAFOOD PROCESSING INDUSTRY IN MALAYSIA

INDUSTRY PERFORMANCE, SIZE AND GROWTH

The frozen seafood processing industry size in Malaysia can be indicated by the overall industry revenue of seafood processing companies in Malaysia. The seafood processing industry in Malaysia grew at a CAGR of 13.8% between 2015 and 2021, from RM2.9 billion in 2015 to RM6.3 billion in 2021. The frozen seafood processing industry in Malaysia is largely driven by the local and global demand for seafood, as well as advancements in seafood processing technology and growing number of marketing and sales channels. Moving forward, PROVIDENCE estimates that the seafood processing industry in Malaysia will grow from an estimated RM7.0 billion in 2022 to reach RM8.7 billion by 2024, at a CAGR of 11.5% between 2022 and 2024.

Seafood processing industry size in Malaysia



Note:

- (i) Seafood processing industry size includes industry revenue generated from other types of seafood processing activities including secondary seafood processing activities

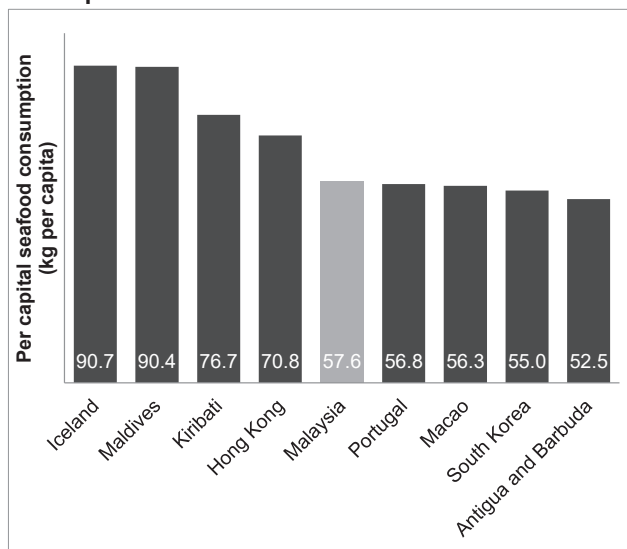
Source: Department of Statistics Malaysia, PROVIDENCE analysis

DEMAND CONDITIONS: KEY GROWTH DRIVERS

Strong local demand for seafood will drive demand for frozen seafood processing in Malaysia

With a per capita seafood consumption of 57.6 kg in 2017, Malaysia is among the world's top 5 seafood consumers, after Iceland, the Maldives, Kiribati and Hong Kong. Seafood is also the most widely consumed animal product in Malaysia, followed by poultry meat at 50.2 kg per capita, and chicken/duck eggs at 23.6 kg per capita.

Top 10 seafood consumers worldwide in 2017



Note:

- (i) Latest publicly available information is as at 2017

Source: Our World in Data

Per capita consumption by animal product in Malaysia in 2017

Type of animal product	Per capita consumption
Seafood (kg)	57.6
Poultry meat (kg)	50.2
Chicken/duck eggs (kg) ^a	23.6
Beef (kg)	6.5
Milk (litres) ^b	2.0
Mutton (kg)	1.3

Notes:

- (i) ^a Based on estimated average weight of 60 grams per egg
- (ii) ^b Per capita consumption of fresh and imported liquid milk
- (iii) Latest publicly available information is as at 2017

Source: Department of Veterinary Services, Our World in Data

7. IMR REPORT (cont'd)



Demand for seafood in Malaysia continues to be driven by improving living standards and disposable income of the population, especially for urban households. Malaysia's gross domestic product ("GDP") grew from RM1.2 trillion in 2015 to RM1.4 trillion in 2021, at a CAGR of 2.6%.² The long-term growth of disposable income will support the population's growing demand for seafood, including frozen seafood products. As the population becomes more affluent, they have greater spending power to purchase more costly food products, including those that they perceive are superior in terms of nutritional benefits such as seafood. In addition, demand for food, including frozen seafood, will increase alongside the growth of Malaysia's population, which grew from 31.2 million in 2015 to 32.7 million in 2021.³

The strong local demand for seafood in Malaysia is expected to drive demand for frozen seafood processing in Malaysia.

Rising global demand for seafood will lead to higher exports for frozen seafood products from Malaysia

Global consumption of seafood was estimated to be 19.2 kg per capita in 2017.⁴ This is relatively higher than other types of animal products such as poultry (14.1 kg per capita), beef (6.4 kg per capita) and mutton (1.7 kg per capita).⁵ Global seafood consumption per capita is estimated to have grown to 20.5 kg per capita in 2018.⁶

This has been largely driven by:

(a) Increase in population and disposable income

The growth of the population and continued economic development in the Middle East and Asia Pacific are expected to increase demand for food, including frozen seafood products. Economic development is indicative of more disposable income, and thus the ability to spend on higher quality and nutritious food such as seafood.

The population in the Middle East registered growth at a CAGR of 1.8% between 2013 and 2021, from 392.5 million to 451.5 million.⁷ This population growth was attributed to the influx of migrant workers and expatriates in recent years. Meanwhile, the population of Asia Pacific accounts for approximately 60.0% of the global population, with China, India and Indonesia among the most populous countries in the world. The growth of the population will lead to an increase in demand for food, including seafood.

Economic growth in the Middle East, as measured by the average gross national income ("GNI") per capita, declined from USD39,583 in 2013 to USD36,905 in 2019, registering a CAGR of -1.2%. The GNI per capita in Saudi Arabia is significantly higher than the Middle Eastern average, at USD49,470 as of 2019.⁸ Economic growth in Asia Pacific is driven by China, India and other emerging economies in the region. This economic growth has led to an increase in disposable income for the population, contributing to growing demand for seafood in Asia Pacific.

(b) Increase in international tourism receipts in the Middle East

Additionally, the growing tourism industry in the Middle East is expected to boost the demand for food, including seafood. International tourism receipts increased from USD106.4 billion in 2013 to USD168.5 billion in 2019, registering a CAGR of 8.0%.⁹ Tourism is an important driver for the restaurant industry, as tourists are inclined to spend on F&B while they are on holiday. F&B outlets may perform marketing and promotional activities to encourage seafood consumption among their patrons.

Regional demand will continue to contribute to growth of frozen seafood trade globally. Malaysia exports of frozen seafood grew from 110,200 tonnes in 2015 to 114,400 tonnes in 2021 to meet global consumer demand.¹⁰ The frozen seafood processing industry in Malaysia is expected to benefit from increasing exports of frozen seafood to meet global seafood demand.

² Source: Department of Statistics Malaysia

³ Source: Department of Statistics Malaysia

⁴ Source: Our World in Data. Latest publicly available information is as at 2017 based on per capita consumption of 172 countries

⁵ Source: Organisation for Economic Co-Operation and Development (OECD). Latest publicly available information is as at 2017

⁶ Source: Food and Agriculture Organisation of the United Nations (FAO)

⁷ Source: World Bank

⁸ Source: World Bank

⁹ Source: World Bank

¹⁰ Source: United Nations Comtrade database

7. IMR REPORT (cont'd)



Advancement in freezing technology will benefit the frozen seafood processing industry

As seafood is highly perishable, it begins to deteriorate once harvested and this affects its quality and freshness. However, with today's freezing technology, seafood products can be kept over a longer period of time without compromising on quality and freshness. The IQF and blast freezer technologies allow for quick-freezing at ultra-low temperatures, i.e. where freezers operate up to minus 40°C. Specifically, IQF freezers produce individually separated frozen seafood products. This is more practical and convenient for consumers who will only need to defrost the small amount needed for their own consumption. Meanwhile, glazing is also used to add a protective layer to extend the shelf life of frozen seafood products.

The harvesting of certain types of wild-caught seafood is seasonal. As product shelf life can be extended using freezing technologies, all types of seafood can be made available all year round to meet consumer demand. Further, as quality and freshness are not compromised with the use of these freezing technologies, consumers are also more accepting of frozen seafood products. The increased market acceptance of frozen seafood products and the ability to meet consumer demand all year round will benefit the frozen seafood processing industry.

Expansion in reach to consumers through the use of online channels will increase revenue for frozen seafood processing companies

Frozen seafood processing companies with no physical retail outlets rely on wholesalers and/or retailers to market their products to end-customers. Nevertheless, frozen seafood processing companies have increasingly been expanding their reach through the sale of frozen seafood products via online channels. These online channels include their own electronic stores as well as social media platforms such as Facebook and WhatsApp.

Online channels act as an additional sales channel for these frozen seafood processing companies, thus allowing them to be more accessible to end-customers, particularly consumers. With increased accessibility, consumers are expected to increase their expenditure in grocery retail outlets through online channels due to the convenience it provides. This would thus drive the growth of the frozen seafood processing industry. The use of these online channels was particularly prevalent during the Movement Control Order ("MCO") periods which were imposed by the Malaysian Government in the wake of the Coronavirus disease 2019 ("COVID-19") pandemic, as movements were restricted during this period. The implementation of the MCO has resulted in a shift towards purchasing goods, including frozen seafood products, through online marketplaces, which is evidenced by the surge in online sales for various products by 28.9% in April 2020.¹¹

PRODUCT/SERVICE SUBSTITUTION

Frozen seafood products can be substituted with live or chilled seafood. However, due to the perishable nature of seafood, frozen seafood products have additional advantages as it can be stored for longer periods while retaining its quality and freshness. Frozen seafood products can also be substituted by other types of frozen products such as poultry and beef. Nevertheless, it is important to note that seafood remains the most widely consumed animal product in Malaysia (as mentioned in Chapter 1 – Demand Conditions: Key Demand Drivers).

SUPPLY CONDITIONS AND DEPENDENCIES

Availability of seafood supplies

Seafood supplies, which are the raw materials used in frozen seafood processing, can be sourced from traders, aquaculture farms or fishing enterprises. Fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. As such, certain wild-caught seafood supplies may not be available throughout the year and the volume of wild-caught seafood may not be sufficient to fulfil market demand. Most of these wild-caught seafood supplies are typically procured from traders and fishing enterprises at fish landing jetties or ports. There are 47 jetties/ports in Malaysia and of these jetties/ports, the largest volume and value of fish landings were from Kuantan port in 2018.¹²

During periods where certain wild-caught seafood types are not available or in cases where volume of wild-caught seafood supplies cannot fulfil market demand, aquaculture farming, which is not as dependent on environmental factors, fulfils this demand-supply gap with the supply of farm-raised seafood supplies. In 2020, aquaculture farming fulfilled approximately 22.4% of local fishes, based on the number of fishes

¹¹ Source: "Malaysia's online retail sales up 28.9% in April" published by The Star

¹² Source: Lembaga Kemajuan Ikan Malaysia (LKIM). Latest publicly available information is as at 2018

7. IMR REPORT (cont'd)



harvested. The remaining 77.6% of local fishes were fulfilled through fishing activities.¹³ Malaysia is generally not dependent on imports of most fish types that can be found in local waters. According to the Department of Statistics Malaysia, the import dependency ratio¹⁴ for tilapia and catfish, which are fishes that can be found in local waters, were 1.4% and 5.4%, respectively, in 2020. However, the import dependency ratio for imported seafood that are not found in local waters are relatively higher as consumers in Malaysia have preference for some of these imported seafood product types. In 2020, the import dependency ratio for sardine, crabs and cuttlefishes were 19.7%, 33.3% and 52.2%, respectively.¹⁵

Availability of machinery and equipment and labour for the processing of frozen seafood

Frozen seafood processing requires the use of machinery, equipment and labour. Key machinery and equipment utilised in frozen seafood processing include, amongst others, IQF freezers, blast freezers, vacuum forming packaging and tray sealing packaging machines as well as defrosting and cutting machines. Human labour is required to operate these equipment as well as to perform manual tasks such as cleaning and visual inspections. Both equipment and labour are readily available while equipment is typically purchased from foreign suppliers, and both local and foreign workers are hired as labour.

RELIANCE AND VULNERABILITY TO IMPORTS

Malaysia has a certain degree of dependency on imported frozen seafood products, due to factors such as variety and availability of certain types of seafood in the country. Some consumers have a preference for imported seafood product types that are not available locally.

Malaysia's imports of frozen seafood products increased from 159,500 tonnes to 229,900 tonnes between 2015 and 2021 at a CAGR of 6.3%.¹⁶ Meanwhile, exports of frozen seafood products were 114,400 tonnes in 2021, growing from 110,200 tonnes in 2015.¹⁷ The higher volume of imports relative to exports of frozen seafood indicates a reliance on imports of frozen seafood in the country.

INDUSTRY RISKS AND CHALLENGES

Among the risks and challenges faced in the frozen seafood processing industry in Malaysia include:

- (i) Disruptions in supply of raw materials, as fishing activities are highly seasonal and may be subject to many factors such as weather conditions and volume of stock available. Thus, frozen seafood processing companies that solely rely on wild-caught seafood will be subject to these disruptions;
- (ii) Fulfilling market demands for various seafood types and variety. For example, there are seafood types and varieties that are not available locally and can only be imported. In such cases, frozen seafood processing companies must be able to source a wide range of seafood types in order to fulfil this demand;
- (iii) Product safety and quality-related risks, as frozen seafood processing companies must ensure proper measures are taken during the handling, processing and transportation of frozen seafood products, such as hygiene and temperature control. Any failure to do so may lead to contamination of seafood supplies and/or frozen seafood products;
- (iv) Proper storage of frozen seafood supplies in cold rooms, as frozen seafood processing companies need to ensure that quality of frozen seafood products are maintained while awaiting delivery. These companies may also need to properly store seasonal seafood supplies to fulfil demand throughout the year; and
- (v) Competition from other frozen seafood processing companies, who may differentiate themselves based on their product offerings, freezing and other processing technologies used as well as certifications.

¹³ Source: Selected agriculture Indicators, Department of Statistics Malaysia. Latest publicly available information is as at 2019

¹⁴ Source: Import dependency ratio is a percentage of imports over apparent consumption

¹⁵ Source: Department of Statistics Malaysia

¹⁶ Source: United Nations Comtrade database

¹⁷ Source: United Nations Comtrade database

7. IMR REPORT (cont'd)



COMPETITIVE OVERVIEW

The frozen seafood processing industry comprises seafood processing companies that are involved in the processing of seafood to produce frozen seafood products. PROVIDENCE has identified 19 industry players on the basis that they are involved in primary seafood processing activities in Malaysia to produce frozen seafood products and have revenues of RM1.0 million and above, and excluded industry players that are involved in farming or fishing activities. Some of these industry players have physical retail outlets or electronic stores.

These identified industry players are as detailed below:

Company name	Retail store/ e-store ^a	IQF technology ^a	'Halal' certification ^a	HACCP certification ^a	GMP certification ^a	ISO certification ^a	MeSTI Secure Food Certification Scheme ^a	Latest financial year	Revenue (RM '000)	Profit after tax (RM '000)
Aiki Century Sdn Bhd	Yes	-	-	✓	-	-	-	31 st December 2020 ^b	4,853	(523)
BEST Marine Products Supply Sdn Bhd	No	-	-	✓	-	-	-	31 st May 2021	61,766	1,598
C-Food Portions Sdn Bhd	No	✓	-	-	-	-	-	31 st December 2020 ^b	26,459	373
FisherGold Sdn Bhd	Yes	✓	✓	✓	-	✓	-	31 st December 2020 ^b	25,658	(187)
Goh Siong Tee Marine Product Sdn Bhd	No	-	-	✓	-	-	-	30 th June 2021	36,527	1,032
Hai Seng Yek Frozen Food Sdn Bhd	No	-	-	-	-	-	-	31 st March 2021	17,982	481
Hai Zheng Frozen Foods Sdn Bhd	No	✓	-	✓	-	-	-	31 st December 2020 ^b	42,344	232
Haiky Borneo Sdn Bhd	No	✓	-	-	-	-	-	31 st December 2020	36,087	17
Kuching Frozen Food Co Sdn Bhd	Yes	-	-	✓	-	-	-	31 st December 2020 ^b	12,384	435
Mayfresh Frozen Sea Products Sdn Bhd	No	-	-	✓	-	-	-	31 st March 2021	29,544	1,576
Piau Kee Live & Frozen Seafoods Sdn Bhd	Yes	-	✓	✓	✓	✓	-	31 st December 2020 ^b	43,327	3,324
Platinum Marine Products Sdn Bhd	Yes	-	✓	✓	✓	-	✓	31 st March 2021	91,134	1,002
PT Resources Group	Yes	✓	✓	✓	✓	✓	-	30 th April 2021	165,811 ^c	16,056 ^d

7. IMR REPORT (cont'd)



Company name	Retail store/ e-store ^a	IQF technology ^a	'Halal' certification ^a	HACCP certification ^a	GMP certification ^a	ISO certification ^a	MeSTI Secure Food Certification Scheme ^a	Latest financial year	Revenue (RM '000)	Profit after tax (RM '000)
SBH Marine Industries Sdn Bhd	No	✓	✓	✓	-	-	-	31 st December 2020 ^b	127,183	4,026
Sea To Table Sdn Bhd	Yes	-	-	-	-	-	-	31 st March 2021	5,369	(94)
Sen Up Huat Seafood Trading Sdn Bhd	No	✓	-	✓	-	-	-	31 st December 2020 ^b	61,263	504
Shifeng Frozen Food Sdn Bhd	No	✓	-	-	-	-	-	31 st March 2019	9,900	212
Sin Hai Lee Fishery Sdn Bhd	No	-	-	-	-	-	-	31 st December 2020 ^b	31,773	1,194
Sunlight Pacific Sdn Bhd	No	-	✓	-	-	-	-	31 st December 2020 ^b	2,911	16

Notes:

- (i) Exempt private companies and companies with revenues below RM1 million have been excluded from this list
- (ii) ^a Information based on publicly disclosed information as at 3 August 2022
- (iii) ^b Latest publicly available information is as at 3 August 2022
- (iv) ^c PT Resources Group's revenue is based on segmental revenue from frozen seafood processing and trading activities
- (v) ^d PT Resources Group's PAT include financial information from frozen seafood processing and trading activities and trading of other products

Source: Companies Commission of Malaysia, various company websites, PROVIDENCE

Based on the revenue generated from PT Resources Group's frozen seafood processing and trading segment of RM91.1 million for the financial year ended ("FYE") 30 April 2019¹⁸ and the total seafood processing industry size of RM5.9 billion in 2018, PT Resources Group garnered an industry revenue share of 1.5% in 2018. PT Resources Group's industry revenue share increased to 2.2% in 2019, with a revenue of RM138.7 million for the FYE 30 April 2020¹⁹ and a total seafood processing industry size of RM6.4 billion in the year. PT Resources Group's industry revenue share further increased to 2.7% in 2020, with a revenue of RM165.8 million for the FYE 30 April 2021²⁰ and a total seafood processing industry size of RM6.2 billion in the year.

¹⁸ Revenue was taken for the FYE 30 April 2019 as 8 months in the financial year period is covered under the calendar year 2018

¹⁹ Revenue was taken for the FYE 30 April 2020 as 8 months in the financial year period is covered under the calendar year 2019

²⁰ Revenue was taken for the FYE 30 April 2021 as 8 months in the financial year period is covered under the calendar year 2020

7. **IMR REPORT** (cont'd)

3 THE GROCERY RETAIL INDUSTRY IN MALAYSIA

The grocery retail industry comprises grocery retailers involved in the retail sales of grocery products and includes provision stores, supermarkets, hypermarkets, mini markets, department stores and convenience stores. The grocery retail industry in Malaysia, as depicted by retail sales value from grocery retailers, grew at a CAGR of 8.4% between 2013 and 2021, from RM101.2 billion in 2013 to RM193.5 billion in 2021.²¹ Moving forward, PROVIDENCE forecasts the grocery retail industry size in Malaysia to grow to RM233.4 billion in 2024, at a CAGR of 7.3% between 2022 and 2024.

The growth of the grocery retail industry in Malaysia has been, and is expected to continue to be driven, by the following factors:

(i) Growing population and disposable income signifies continuous demand for grocery products, thus benefitting the grocery retail industry

The population of Malaysia increased from 31.2 million in 2015 to 32.7 million in 2021, representing a CAGR of 0.8%.²² Population growth will contribute to increased consumption of grocery products and this will support the growth of the grocery retail industry. Meanwhile, Malaysia's GDP was valued at RM1.4 trillion in 2021, registering a CAGR of 2.6% from RM1.2 trillion in 2015.²³ The increase in GDP indicates a growing disposable income which would give rise to greater spending power amongst the population in Malaysia. With greater spending power, consumers in Malaysia will be more inclined to purchase premium products. Accordingly, this would benefit grocery retail outlets catering to the medium to high end segments and offer premium products.

The recent and on-going COVID-19 pandemic and resulting MCO have caused a slowdown in economic activities as business activities were restricted to curb the spreading of the disease. Nevertheless, the Malaysian Government has announced various stimulus packages, and this is expected to cushion the adverse impact of the COVID-19 pandemic. As such, the disposable income of the population in Malaysia is expected to recover and continue growing in the long-term, and this will support demand for grocery products.

(ii) Increasing consumer accessibility to grocery retail outlets through the use of online channels

Increasingly, grocery retailers have been expanding their reach through the sale of grocery products through online channels. These online channels include the grocery retailers' in-house online grocery platforms as well as personal shopper platforms which can deliver grocery products from several grocery retailers to consumers (such as "HappyFresh").

Online channels act as an additional sales channel for grocery retailers, and allows grocery retail outlets to be more accessible to consumers. With increased accessibility, consumers are expected to increase their expenditure in grocery retail outlets through online channels due to the convenience it provides. This would thus drive the growth of the grocery retail industry. The use of these channels was particularly prevalent during the MCO period which was imposed by the Malaysian Government in the wake of the COVID-19 pandemic, as movements were restricted during this period.

(iii) Growing need for convenience leading to an increase in number of grocery retail outlets

Changing lifestyles, particularly in urban areas, have led to increased demand for convenience. This is driven by a change in consumer preference, longer working hours and tendency to spend less time commuting to purchase grocery products. Hence, convenience has become essential, leading to an increase in the number of grocery retail outlets to cater to surrounding communities. This can be seen in the establishment of grocery retail outlets in Malaysia, which grew from 69,976 in 2013 to 85,463 in 2018²⁴, registering a CAGR of 4.1%.

As the importance of convenience continues to grow, more grocery retail outlets will be established to cater to the demand from surrounding communities. This is expected to lead to growth potential for the grocery retail industry.

²¹ Source: Department of Statistics Malaysia

²² Source: Department of Statistics Malaysia

²³ Source: Department of Statistics Malaysia

²⁴ Source: Department of Statistics Malaysia

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL

8.1 Promoter and Substantial Shareholder

8.1.1 Shareholdings

The details of our Promoter and substantial shareholder, and his shareholding in our Company before and after our IPO are as follows:

Name	Nationality	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
Heng Chang Hooi	Malaysian	380,020,000	95.0	-	-	380,020,000	71.0	-	-

Notes:

- (1) Based on our issued share capital of 400,020,000 Shares before our IPO.
- (2) Based on our enlarged issued share capital of 535,020,000 Shares after our IPO.

8.1.2 Profile

Heng Chang Hooi

Promoter, substantial shareholder and Managing Director

Heng Chang Hooi, a Malaysian, aged 39, is our Promoter, substantial shareholder and Managing Director. He was appointed to our Board on 6 September 2019 and is responsible for overseeing our Group's strategic planning, development and overall business operations.

Heng Chang Hooi attended SJK (C) Pin Hwa from 1995 to 1997. In order to assist and support his family, he assisted his father in the family business under Thein Shing Trading, which was principally involved in seafood trading through an outlet in Selangor, from 1998 to 2002. He later joined Thein Shing Trading in 2002. In 2007, he co-founded Meng How (M) (formerly known as Thein Shing Enterprise Sdn Bhd) with his father, Heng Cho Seng to corporatize the family business, and expanded the business to include the trading of other frozen and processed food in the local and international markets. In 2010, Heng Chang Hooi established his own sole proprietorship, MO Frozen Food which was principally involved in the trading of frozen seafood and other products to the local market through an outlet under the trade name "MO Frozen Food" in Kuantan, Pahang. In 2011, he also co-founded Freshzo Seafood Sdn Bhd (formerly known as Meng How (Sabah) Sdn Bhd) with his father. Through Freshzo Seafood Sdn Bhd which obtained an operating license in Sabah, he began trading of seafood sourced from the fish landing jetties in Sabah. Through his experience in managing these companies, he has built his network of suppliers and customers in the seafood industry, as well as acquired in-depth knowledge and understanding of the seafood industry.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

In 2012, he established MO in anticipation of the growth of MO Frozen Food's business and as part of his plan to corporatize the trading of seafood and other products business in Kuantan, Pahang. In the same year, he ventured into processing of frozen seafood products through MHC. In order to focus on our Group's business, he had disposed his interests and ceased his involvements in Meng How (M) and Freshzo Seafood Sdn Bhd in February 2021 as well as MO Frozen Food in September 2020.

8.1.3 Changes in shareholdings

The changes in our Promoter and substantial shareholder's shareholding since our incorporation on 6 September 2019 are as follows:

Name	As at 6 September 2019				As at 3 September 2020				After the Acquisitions / As at the LPD			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	⁽²⁾ %	No. of Shares	⁽²⁾ %
Heng Chang Hooi	1,000	100.0	-	-	⁽¹⁾ 20,000	100.0	-	-	380,020,000	95.0	-	-

Notes:

- (1) The number of Shares was split from 1,000 Shares to 20,000 Shares pursuant to a notice of alteration of share capital dated 3 September 2020.
- (2) Based on our issued share capital of 400,020,000 Shares after completion of the Acquisitions but before our IPO.

As at the LPD, our Promoter and substantial shareholder has the same voting rights as other shareholders of our Company. Save for our Promoter, we are not aware of any other persons who directly or indirectly, jointly or severally, exercise control over us. Further, we are not aware of any arrangement which may result in a change in control of our Company at a subsequent date.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.2 Directors

8.2.1 Shareholdings

The details of our Directors and their shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	(1) %	No. of Shares	(1) %	No. of Shares	(2) %	No. of Shares	(2) %
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	Independent Non-Executive Chairman	-	-	-	-	⁽³⁾ 150,000	⁽⁴⁾	-	-
Heng Chang Hooi	Managing Director	380,020,000	95.0	-	-	380,020,000	71.0	-	-
Mohd Rofzan bin Mohd Latiff	Executive Director	-	-	-	-	⁽³⁾ 400,000	⁽⁴⁾	-	-
Dato' Asmuni bin Sudin	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 100,000	⁽⁴⁾	-	-
Chan Foong Ping	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 100,000	⁽⁴⁾	-	-
Steven Wong Chin Fung	Independent Non-Executive Director	-	-	-	-	⁽³⁾ 100,000	⁽⁴⁾	-	-

Notes:

- (1) Based on our issued share capital of 400,020,000 Shares before our IPO.
- (2) Based on our enlarged issued share capital of 535,020,000 Shares after our IPO.
- (3) Assuming our Director fully subscribe for his/her allocation under the Pink Form Allocations.
- (4) Less than 0.1%.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.2.2 Profile

Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim

Independent Non-Executive Chairman

Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim, a Malaysian, aged 78 is our Independent Non-Executive Chairman and was appointed to our Board on 14 July 2020.

He graduated with a Bachelor of Veterinary Science from University of Punjab, Pakistan in 1967, followed by a Master of Philosophy and a Doctor of Philosophy (PhD) from University of London, United Kingdom in 1970 and 1977 respectively. He was also conferred 6 honorary doctorates, namely Doctor of Science from University of Hull, United Kingdom in 1999, Doctor of Science from Soka University, Japan in 2000, Doctor of Agriculture Technology from Thaksin University, Thailand in 2005, Doctor of Science from Open University Malaysia in 2006, Doctor of Engineering from Universiti Malaysia Perlis in 2008 and Honorary Doctorate of Arts in Education from the Eastern Asia University, Thailand in 2020. He was also admitted as an Honorary Fellow member of Kolej Pakar Veterinar Malaysia since 2018.

He began his career as an assistant lecturer in the Faculty of Agriculture in Universiti Malaya in 1969. He later left and joined Universiti Pertanian Malaysia (currently known as Universiti Putra Malaysia) ("UPM") as a lecturer in the Faculty of Veterinary and Animal Science in 1975 before retiring as Vice Chancellor of UPM in 2001. While he was employed at UPM, he also pursued his Master of Philosophy and Doctor of Philosophy (PHD) from University of London, United Kingdom on a part-time basis. During his academic career, he was bestowed with the National Science Laureate in 1993 and National Academic Laureate in 2007. He is also a Fellow (which carries the title of academician) of the Academy of Sciences Malaysia as well as Professor Emeritus of Universiti Malaysia Terengganu and UPM. He is also the Chancellor of Taylor's University and a member of the Executive Committee and Governing Board of the International Centre for Education in Islamic Finance.

In the corporate sector, Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim was formerly the founding Chairman of the Halal Industry Development Corporation Sdn Bhd, a corporation wholly-owned by the Ministry of Finance Malaysia, which promotes participation and facilitates growth of industry players in the development of Malaysia's Halal ecosystem.

He is currently the Independent Non-Executive Chairman of SL Innovation Capital Berhad (a public listed company on the Leading Entrepreneur Accelerator Platform (LEAP) Market of Bursa Securities) and Bioalpha Holdings Berhad (a public listed company on the ACE Market of Bursa Securities) since 30 November 2017 and 8 July 2014 respectively. He is also a director of various private limited companies in Malaysia, details of which are set out in Section 8.2.3 of this Prospectus.

Heng Chang Hooi

Managing Director

Please refer to Section 8.1.2 of this Prospectus for his profile.

Mohd Rofzan bin Mohd Latiff

Executive Director and Head of Operations (MO)

Mohd Rofzan bin Mohd Latiff, a Malaysian, aged 46, is our Executive Director and Head of Operations (MO). He was appointed to our Board on 11 November 2020 and is responsible for overseeing the operations of our "MO FoodmartTM" and "MO Wholesale Centre" outlets.

He began his career when he co-founded and managed Paradigme Enterprise, a partnership to undertake the retailing of grocery products and stationery as well as providing printing services and training courses. He managed Paradigme Enterprise from 1997 to 1998. Thereafter, he furthered his studies and obtained his Bachelor of Political Science from Universiti Malaya in 2001.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

After his graduation, he was appointed as Assistant Director (Training Officer) in the National Civics Bureau, Prime Minister's Office in 2003. During his tenure there, he was responsible for planning programmes and liaising with authorities as well as facilitating seminars and courses. He left the National Civics Bureau, Prime Minister's Office in 2013. From 2014 to 2020, he was involved in facilities management services such as cleaning and catering services through his sole proprietorship, Nadi Armada Enterprise. From 2017 to 2018, he also co-founded Nadi Armada Training and Consultancy, a partnership to undertake the management and organising of training courses.

In July 2020, he joined our Group as Head of Operations (MO). Since then, he has been overseeing and managing all aspects of our "MO Foodmart™" and "MO Wholesale Centre" outlets' operations, from analysing trends and market demands and ensuring sufficiency of inventories in each outlet, to overseeing their daily operations. He does not have any directorship in any other private limited or public listed companies.

Dato' Asmuni bin Sudin

Independent Non-Executive Director

Dato' Asmuni bin Sudin, a Malaysian, aged 65, is our Independent Non-Executive Director and was appointed to our Board on 11 November 2020.

Dato' Asmuni bin Sudin obtained a Bachelor of Economics from Universiti Malaya in 1980. He has also been admitted as a Chartered Member of the Chartered Institute of Islamic Finance Professionals since 2019.

He began his career at Malayan Banking Berhad in 1981 as Trainee Officer and rose through the ranks as Branch Manager in 1989, Regional Head Business Banking in 2004, General Manager (Brunei) in 2009 and Regional Director in 2010. Throughout his tenure there, he garnered experience across various banking sectors including retail, small medium enterprise and commercial financing. After leaving Malayan Banking Berhad, he was appointed as Chief Financial Services Officer in Bank Pertanian Malaysia Berhad in 2011, where he was responsible for managing its overall business operations for corporate, commercial, small medium enterprise, micro and consumer financing. In 2017, he left Bank Pertanian Malaysia Berhad and joined Bank Kerjasama Rakyat Malaysia Berhad as Chief Operating Officer where he was responsible for overseeing its overall business planning and operations. He retired from Bank Kerjasama Rakyat Malaysia Berhad in 2019.

He currently sits on the board of directors of Malaysia Debt Ventures Berhad and is also an Independent Non-Executive Director of One Glove Group Berhad (formerly known as GETS Global Berhad) (a public listed company on the Main Market of Bursa Securities) since 24 February 2021.

Chan Foong Ping

Independent Non-Executive Director

Chan Foong Ping, a Malaysian, aged 51, is our Independent Non-Executive Director and was appointed to our Board on 11 November 2020.

She obtained her Bachelor of Accountancy from UPM in 1995. She is a Chartered Accountant and has been a member of the Malaysian Institute of Accountants since 1998.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

She began her career as Audit Assistant with Kassim Chan & Co in 1995. In 1998, she left the firm as Senior Associate and joined Sepang Education Center Sdn Bhd as Accounting Manager. In 2000, she joined Phillips Seafood (East Malaysia) Sdn Bhd ("**Phillips Seafood Malaysia**") as Financial Controller who was responsible to set up a new manufacturing plant with pioneer tax incentives in Malaysia. In 2005, she was promoted to be the Regional Financial Controller. Subsequently in 2006, she was promoted to be the Executive Director of Phillips Foods International (Hong Kong) Limited ("**Phillips Foods HK**"). As the Executive Director of Phillips Foods HK, she was responsible for overseeing the financial reporting of its seafood processing plants in the company's international operations. She was also responsible for setting up and overseeing shared service centres located in Indonesia and India for the financial reporting of Phillips Foods HK's operations.

In 2011, she joined Resource Holding Management Limited (formerly known as RedHot Media International Limited), a public company then listed on the AIM Market of the London Stock Exchange, as Group Finance Director. She was appointed as an independent consultant to Paracelsus Suisse International Limited in 2014 and later transferred to Swiss Biological Medicine Group Ltd in 2016, where she advised on matters relating to corporate strategies, business development, corporate finance, compliance and finance on a contractual basis.

She is currently an Independent Non-Executive Director of Seremban Engineering Berhad (a public listed company on the Main Market of Bursa Securities), Success Transformer Corporation Berhad (a public listed company on the Main Market of Bursa Securities) and SFP Tech Holdings Berhad (a public listed company on the ACE Market of Bursa Securities) since 22 April 2016, 23 September 2016 and 16 August 2021 respectively. She is also a director of various private limited companies in Malaysia, details of which are set out in Section 8.2.3 of this Prospectus.

Steven Wong Chin Fung

Independent Non-Executive Director

Steven Wong Chin Fung, a Malaysian, aged 54, is our Independent Non-Executive Director and was appointed to our Board on 8 July 2021.

He graduated with a Bachelor of Laws from University of Melbourne, Australia in 1990. He was later called to the Malaysian Bar on 8 February 1991.

He started his pupillage in Arifin & Partners in 1990 and was subsequently retained as a Legal Associate in Arifin & Partners in 1991. He was later admitted as one of the partners of the firm in 1995. In 2018, he was made the Managing Partner of Arifin & Partners.

During his tenure in Arifin & Partners, he has had experience in corporate and commercial, litigation, family law and industrial relations/labour law. His corporate and commercial legal experience includes mergers and acquisitions, legal due diligence for listing and corporate exercises, joint ventures, distributorships, licensing and franchise agreements, media and entertainment, liquidation and receivership, debt restructuring as well as sale and purchase of businesses. He also represents and had represented companies, individuals and societies in pursuing or defending cases involving contract claims, construction law, consumer and commercial loan recovery and enforcement of bank securities (conventional and Islamic), injunctions, general debt recovery, real property contractual disputes and land matters, and other commercial matters.

In family law, he has advised and represented clients in all matters relating to divorce, judicial separation and polygamous marriages, bigamy, custody of children, guardianship and the adoption of children. His experience in industrial relations/labour law also includes advising matters pertaining to employment law, misconduct or disciplinary procedures as well as management procedures.

Throughout his career, he has garnered more than 30 years' experience as a corporate and litigation lawyer, serving public listed and private limited companies, financial institutions, non-profit organisations, societies and individuals.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

He is currently an Independent Non-Executive Director of Technodex Bhd (a public listed company on the ACE Market of Bursa Securities) since 11 May 2021. He is also a director of various private limited companies in Malaysia, details of which are set out in Section 8.2.3 of this Prospectus.

8.2.3 Principal directorships and business activities of our Directors outside our Group for the past 5 years

Save as disclosed below, as at the LPD, none of our Directors have any principal business activities performed outside our Group (including principal directorships) in the past 5 years preceding the LPD:

(i) Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
SL Innovation Capital Berhad	Providing management services with its subsidiaries principally involved in the provision of IT infrastructure technology solutions and enterprise software solutions	Independent Non-Executive Chairman	30 November 2017	-	-	-
Bioalpha Holdings Berhad	Investment holding with its subsidiaries principally involved in manufacturing and sales of health supplement products	Independent Non-Executive Chairman	8 July 2014	-	-	-
Segimaju Capital (Bertam) Sdn Bhd	Carrying out the design, development, construction and completion of the facilities and infrastructure and to carry out the asset management services on building constructed	Director	23 February 2012	-	-	-
Segimaju Capital (Lendu) Sdn Bhd	Carrying out the design, development, construction and completion of the facilities and infrastructure and to carry out the asset management services on building constructed	Director	23 February 2012	-	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Segimaju Capital (Jengka) Sdn Bhd	Carrying out the design, development, construction and completion of the facilities and infrastructure and to carry out the asset management services on building constructed	Director	23 February 2012	-	-	-
Segimaju Capital Sdn Bhd	Carrying out the design, development, construction and completion of the facilities and infrastructure and to carry out the asset management services on building constructed	Director	18 January 2012	-	-	-
Taylor's Education Group Foundation	To advance and further the education of all students of levels	Director	25 November 2009	-	-	-
Segimaju Sdn Bhd	Engaged as building construction contractor and maintenance service provider and investment holding activities	Director	8 August 2008	-	-	-
Asia E Learning Sdn Bhd	Education and training services	Director	6 November 2007	-	-	-
Yayasan De La Salle	A charitable organisation established to receive and administer funds for education, scientific and charitable purposes, all for the public welfare, and for no other purposes	Director	29 November 2001	-	-	-
Malaysia Toray Science Foundation	Professional services	Director	6 September 1994	-	-	-
PharmMalaysia Berhad	Manufacturer and distributor of pharmaceutical products	Shareholder	-	-	0.3	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Baraka Telecom Sdn Bhd ⁽²⁾	Provision of telecommunication services	Shareholder	-	-	(1)	-
Salamfone Sdn Bhd	<ul style="list-style-type: none"> • Mobile virtual network operator • Trade or business of a mobile telecommunication service provider • Business of a telephone, telegraph, cable and wireless communications 	Shareholder	-	-	(1)	-
Past involvement						
Abba Food (International) Sdn Bhd	Dissolved on 13 November 2020	Director	11 March 2005	13 November 2020	-	-
Jubilant Rank Sdn Bhd	Dissolved on 13 November 2020	Director	10 July 2002	13 November 2020	-	-
Adil Permata Sdn Bhd	General construction	Director	28 January 2020	7 October 2020	-	-
QI Biotech Sdn Bhd	Manufacturer of nutrition for agriculture purposes	Director	1 June 2015	13 December 2019	-	-
Kuala Lumpur Lions Foundation	To receive and administer funds and to undertake the service of haemodialysis	Director	26 January 2005	27 May 2019	-	-
TAFI Home & Office Sdn Bhd	<ul style="list-style-type: none"> • General contractors and construction works • General trading • Manufacturing and exporting furniture 	Director	27 April 2007	24 May 2019	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Straits Asia (M) Sdn Bhd	Trading and dealers in lubricants, fuel, base oils, diesel, bitumen and other oils	Director	19 March 2015	29 March 2019	-	-
Novel Success Sdn Bhd	Investment holding with its subsidiary principally involved in dealings in payment gateways	Director	26 October 2016	20 March 2019	-	-
Isra Consultancy Sdn Bhd	Dissolved on 18 August 2021	Director and shareholder	18 June 2012	25 February 2019	-	-
Yayasan Inovasi Malaysia	<ul style="list-style-type: none"> • To develop and promote creative skills in the fields of science and technology • To nurture and support scientific innovation • To conduct educational and awareness programmes 	Director	2 January 2009	25 February 2019	-	-
Isra International Consulting Sdn Bhd	To carry on the business of providing consultancy services in the field of Islamic finance	Director	15 May 2007	7 December 2018	-	-
Urrma Asia Sdn Bhd	Dissolved on 8 June 2018	Director and shareholder	29 October 2007	8 June 2018	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
YIM Technology Resources Sdn Bhd	<ul style="list-style-type: none"> To carry out research and development in new software, hardware and information technology related product To introduce methods and systems to improve information technology industry, software solutions, development To engage in project studies and market research services 	Director	10 September 2009	5 June 2018	-	-
Universiti Tun Abdul Razak Sdn Bhd	Higher educational institution and shall include all matters relating to education, research and development, training, providing learning environment, vocational practice and expertise, experiments and all other matters related thereto	Director	1 March 2007	16 May 2018	-	-
Meteor Technology & Consultancy Sdn Bhd	Consultancy and research in education and information technology projects	Director	18 October 2001	23 February 2018	-	-
Reach Sdn Bhd	Dissolved on 22 October 2021	Shareholder	-	-	-	-
Abba Capital Sdn Bhd	Dissolved on 30 November 2020	Shareholder	-	-	-	-

Notes:

(1) Less than 0.1%.

(2) In the process of winding up.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

(ii) Heng Chang Hooi

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
Kuantan Marine Engineering Sdn Bhd	Property investment holding	Director and shareholder	20 April 2021	-	100.0	-
Past involvement						
HCH Food Industries Sdn Bhd	Dissolved on 3 March 2022	Director and shareholder	29 March 2013	6 May 2021	-(1)	-
Freshzo Seafood Sdn Bhd (formerly known as Meng How (Sabah) Sdn Bhd)	Business in import, export, processing and general trading in wholesale and retail of frozen food	Director and shareholder	2 August 2011	8 February 2021	-(2)	-
MH Marine Sdn Bhd (formerly known as MHC Marine Sdn Bhd)	Dissolved on 14 March 2022	Director and shareholder	24 April 2017	30 September 2020	-(3)	-
MO Frozen Food	Terminated on 18 October 2021	Sole Proprietor	19 October 2010	15 September 2020 ⁽⁴⁾	-(4)	-
Meng How Group	Management consultancy	Director and shareholder	1 July 2014	11 September 2020	-(5)	-
Meng How (M)	<ul style="list-style-type: none"> • Fishing vessel management, operation and maintenance activities, including the buying and selling of vessel parts and fuel • General trading • Transportation 	Director and shareholder	14 September 2007	15 June 2020	-	-(6)

Notes:

- (1) He disposed of his 50.0% equity interest in HCH Food Industries Sdn Bhd to Yong Boon Poh on 6 May 2021. HCH Food Industries Sdn Bhd was dissolved on 3 March 2022.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

- (2) He disposed of his 50.0% equity interest in Freshzo Seafood Sdn Bhd to Heng Cing Hin on 3 August 2021 as he intends to focus on our Group's operations in Peninsular Malaysia instead of Sabah where Freshzo Seafood Sdn Bhd operates in. In addition, Freshzo Seafood Sdn Bhd has also ceased to be Heng Chang Hooi's family's business as his father, Heng Cho Seng is no longer a director nor shareholder of the company.
- (3) He disposed of his 50.0% equity interest in MH Marine Sdn Bhd to his father, Heng Cho Seng on 4 December 2020. Heng Cho Seng subsequently disposed of his interests to Kee Wai Aik on 6 September 2021. Thus, MH Marine Sdn Bhd has ceased to be Heng Chang Hooi's family's business as his father, Heng Cho Seng is no longer a director nor shareholder of the company. MH Marine Sdn Bhd was dissolved on 14 March 2022.
- (4) Date of his withdrawal from the sole proprietorship as he had on even date transferred his ownership to Khor Boon Ngee. The business registration for MO Frozen Food was terminated on 18 October 2021.
- (5) He disposed of his 95.0% equity interest in Meng How Group to his father, Heng Cho Seng on 11 September 2020.
- (6) He ceased to be an indirect shareholder of Meng How (M) when he disposed of his 95.0% equity interest in Meng How Group, which holds the entire equity interest of Meng How (M). For information purposes, Meng How (M) is no longer involved in the trading in preserved provisions, canned, frozen food and other related products, and has surrendered its trading license on 25 October 2021.

(iii) Mohd Rofzan bin Mohd Latiff

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Nadi Armada Enterprise	Facilities management services	Sole Proprietor	23 March 2021	⁽¹⁾ 26 October 2021	-	-
Rofzan Frozen and Food Services	Frozen foods, wet and dry food ingredients, Islamic foods, packaging and tinning of food and drinks for catering services	Sole Proprietor	11 July 2018	⁽²⁾ 3 April 2019	-	-
Nadi Armada Training and Consultancy	Motivational courses, general commission agents, services, and training management	Partner	6 February 2017	⁽²⁾ 5 February 2018	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

Notes:

- (1) Date of filing of his withdrawal from the sole proprietorship with the CCM.
- (2) Date of his withdrawal from the partnership/sole proprietorship.

(iv) Dato' Asmuni bin Sudin

<u>Company</u>	<u>Principal activities</u>	<u>Involvement in business</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest</u>	
					<u>Direct (%)</u>	<u>Indirect (%)</u>
Present involvement						
One Glove Group Berhad (Formerly known as GETS Global Berhad)	Investment holding with its subsidiaries principally involved in the provision of public transport services consisting of express and stage bus services; the manufacturing, assembly, sales and after-sales service of buses; and research, and development of electric buses	Independent Non-Executive Director	24 February 2021	-	(1)	-
Malaysia Debt Ventures Berhad	Engaged in the provision of financing facilities to the information, communication and technology ("ICT"), biotechnology and other emerging technology sectors as mandated by the Government to spur the development of the ICT and biotechnology sectors in Malaysia	Director	13 August 2020	-	-	-
YPJ Golf Resort Berhad	To establish, maintain, and provide golf course and recreational facilities	Shareholder	-	-	(1)	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Raeed Holdings Sdn Bhd ⁽²⁾	Investment holding with its subsidiary involved in the operation of a multi-bank investment platform	Alternate Director	31 October 2019	20 November 2019	-	-
IAP Integrated Sdn Bhd ⁽²⁾	<ul style="list-style-type: none"> Provision of multi-bank platform that facilitates in channelling of funds from investors to finance-viable ventures and projects Advisory and consultancy services 	Alternate Director	31 October 2019	20 November 2019	-	-

Note:

(1) Less than 0.1%.

(2) In the process of winding up.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

(v) Chan Foong Ping

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Present involvement						
SFP Tech Holdings Berhad	Investment holding and provision of management services with its subsidiaries principally involved in provision of sheet metal fabrication, computer numerical control machining, mechanical assembly and automation equipment solutions	Independent Non-Executive Director	16 August 2021	-	(1)	-
Success Transformer Corporation Berhad	Investment holding and provision of management services with its subsidiaries principally involved in the design, manufacturing and distribution of electrical apparatus and industrial lighting	Independent Non-Executive Director	23 September 2016	-	-	-
Seremban Engineering Berhad	Investment holding company with its subsidiaries principally involved in the business of fabrication of process equipment and metal structures and the provision of maintenance, repair and shutdown works	Independent Non-Executive Director	22 April 2016	-	-	-
Five Phoenix Venture	Procurement agent and business management consultancy services	Sole Proprietor	1 July 2019	-	100.0	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

<u>Company</u>	<u>Principal activities</u>	<u>Involvement in business</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest</u>	
					<u>Direct (%)</u>	<u>Indirect (%)</u>
Past involvement						
Paracelsus Biomedicine GmbH	Trading, biological medicine business development and product distribution, patient services call centre	Director	13 September 2016	1 March 2022	-	-
Wegmans Berhad	Holdings Investment holding with its subsidiaries principally involved in design, manufacture and sale of home furniture products	Director	29 May 2017	29 July 2020	(1)	-

Note:

(1) Less than 0.1%

(vi) Steven Wong Chin Fung

<u>Company</u>	<u>Principal activities</u>	<u>Involvement in business</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest</u>	
					<u>Direct (%)</u>	<u>Indirect (%)</u>
Present involvement						
Technodex Bhd	Investment holding and provision of information technology products and related services, and carrying out relevant research and development activities	Independent Non-Executive Director	11 May 2011	-	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

<u>Company</u>	<u>Principal activities</u>	<u>Involvement in business</u>	<u>Date of appointment</u>	<u>Date of resignation</u>	<u>Equity interest</u>	
					<u>Direct (%)</u>	<u>Indirect (%)</u>
Petro Naviero Sdn Bhd	<ul style="list-style-type: none"> • Extraction of crude petroleum oils • Transport of freight over seas and coastal waters, whether schedule or not • Wholesale of a variety of goods without any particular specialisation not elsewhere classified 	Director	20 April 2021	-	-	-
Acton Finishing Sdn Bhd	<ul style="list-style-type: none"> • Manufacture of other porcelain and ceramic products • Manufacture of other special-purpose machinery not elsewhere classified • Treatment and coating of metals • Machining 	Director	13 June 2016	-	-	-
Meng Huat Company Sdn Bhd	Property holding company and includes the organisation, management and letting of properties	Director	31 December 2015	-	-	-
Arifin & Partners	Advocate and solicitors' firm	Managing Partner	1 January 1995	-	50.0	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL (cont'd)

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
Artroniq Berhad (formerly known as Plastrade Technology Berhad)	Investment holding and provision of management services with its subsidiaries principally involved in: <ul style="list-style-type: none"> manufacturing of polyethylene compound for wire and cable insulation and jacketing; compounding of plastic master batches, polymer additives, plastic compounds and composites distribution of ICT products and related activities 	Independent Non-Executive Chairman	27 August 2018	22 April 2022	-	-
AE Multi Holdings Berhad	Investment holding and the provision of management services with its subsidiaries involved in the manufacturing, selling, sourcing and reselling of printed circuit board, electronics and telecommunication components and related products and glove turnkey solutions, glove supplementary services and construction	Director	11 July 2017	22 June 2018	-	-
Science Alliance Malaysia Sdn Bhd	Dissolved on 21 July 2021	Director	15 January 2015	21 July 2021	-	-
Jaguar Emas Sdn Bhd	Investment holding with its subsidiary involved in property investment and property development	Director	3 April 2017	2 January 2019	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Tithon Malaysia Sdn Bhd	Dissolved on 2 July 2018	Director	14 June 2016	2 July 2018	-	-
Tea Avenue Sdn Bhd	Restaurant, café, delivery, and catering of foods and beverages	Director	21 August 2017	30 August 2017	-	-

The involvement of our Managing Director in other directorship or business is not expected to affect his contributions to our Group as he is principally involved in our Group's day-to-day operations. His involvement in other directorship or business does not require a significant amount of time and hence, does not affect his abilities to perform his executive role and responsibilities to our Group as well as his contribution to our Group. The involvement of our Non-Executive Directors in other directorships or businesses outside our Group will not affect their contribution to our Group as they are not involved in our Group's day-to-day operations.

8.2.4 Directors' remunerations and material benefits-in-kind

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2022 to FYE 2023 are as follows:

(i) FYE 2022

Name	Fees	Salary	Bonus	Allowances	⁽¹⁾ Statutory contributions	Benefits in-kind	Total
	RM	RM	RM	RM	RM	RM	RM
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	-	-	-	-	-	-	-
Heng Chang Hooi	-	250,000	-	30,000	30,923	-	310,923
Mohd Rofzan bin Mohd Latiff	-	15,960	-	51,000	2,386	-	69,346
Dato' Asmuni bin Sudin	-	-	-	-	-	-	-
Chan Foong Ping	-	-	-	-	-	-	-
Steven Wong Chin Fung	-	-	-	-	-	-	-

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

(ii) Proposed for the FYE 2023

Name	Fees	Salary	Bonus	Allowances	(¹) Statutory contributions	Benefits in-kind	Total
	RM	RM	RM	RM	RM	RM	RM
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	40,000	-	-	-	-	-	40,000
Heng Chang Hooi	-	360,000	-	30,000	44,123	-	434,123
Mohd Rofzan bin Mohd Latiff	-	27,360	-	66,000	4,090	-	97,450
Dato' Asmuni bin Sudin	24,000	-	-	-	-	-	24,000
Chan Foong Ping	24,000	-	-	-	-	-	24,000
Steven Wong Chin Fung	24,000	-	-	-	-	-	24,000

Note:

(1) Includes employer's contribution to Employees Provident Fund, Social Security Organisation and Employment Insurance System.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.3 Key Management Personnel

8.3.1 Shareholdings

The details of our key management personnel and their shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Before our IPO				After our IPO			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	⁽¹⁾ %	No. of Shares	⁽¹⁾ %
Ong Wen Qin	Group Financial Controller	-	-	-	-	⁽²⁾ 300,000	⁽³⁾	-	-
Tan Oon Huat	Senior Manager (Planning and Development)	-	-	-	-	⁽²⁾ 600,000	0.1	-	-
Yong Zi Fung	Head of Operations (MHC)	-	-	-	-	⁽²⁾ 1,000,000	0.2	-	-

Notes:

- (1) Based on our enlarged issued share capital of 535,020,000 Shares after our IPO.
- (2) Assuming our key management personnel fully subscribe for his/her allocation under the Pink Form Allocations.
- (3) Less than 0.1%.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.3.2 Profile

The profiles of our Group's key management personnel are as follows:

Ong Wen Qin

Group Financial Controller

Ong Wen Qin, a Malaysian, aged 28, is our Group Financial Controller. She is responsible for overseeing our Group's accounting and financial functions as well as legal, risk and compliance functions.

She was certified as a member of the Association of Chartered Certified Accountants in 2018. She is also a member of the Malaysian Institute of Accountants since 2020.

She began her career as Executive, Financial Reporting with Sime Darby Holdings Berhad in 2015. In 2016, she joined Ernst & Young LLP in Singapore as Audit Assistant and was promoted to Audit Senior in 2017. During her tenure there, she was involved in audit projects for multinational and public listed companies involved in the logistics and transportation sector as well as the technology, media and telecommunication sectors.

In 2018, she joined Ambank (M) Berhad as Assistant Manager in the Group Internal Audit Department. In 2019, she joined Jinbaomen (M) Sdn Bhd as Finance Manager and was responsible for managing the company's finance functions as well as support the management in corporate planning exercises.

She joined our Group as Group Financial Controller in January 2021.

Tan Oon Huat

Senior Manager (Planning and Development)

Tan Oon Huat, a Malaysian, aged 61 is our Senior Manager (Planning and Development). He is responsible for planning, strategising and overseeing the implementation of new projects to expand our business.

He obtained a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia in 1983. He later graduated with a Bachelor of Mechanical Engineering from Universiti Teknologi Malaysia in 1993.

He began his career as Assistant Shift Charge Engineer with Tenaga Nasional Berhad (then known as Lembaga Elektrik Negara) in 1983 and was promoted to Shift Charge Engineer in 1989. During his tenure there, he was responsible for leading and supervising a team in the operation of a power station. Between 1990 and 1993, he took leave to focus on his studies. After obtaining his Bachelor of Mechanical Engineering in 1993, he returned to Tenaga Nasional Berhad as Project Engineer/Shift Charge Engineer, where he was in the project team that was responsible for overseeing the construction, installation and commissioning of a new power plant. He later assumed the role of Gas Turbine Maintenance Engineer (Mechanical) in 1994, where he was responsible for planning, scheduling, implementing and managing preventive maintenance, scheduled maintenance and inspections for gas turbines in a power plant.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

In 1997, he joined PNSB Acmar Sdn Bhd as Project Manager, Cogeneration and District Cooling Project, where he was responsible for the engineering and project management of a district cooling system for an integrated township in Selangor. He later joined Malaysia Newsprint Industries Sdn Bhd in 1998 as Shift Coordinator, where he led and managed a team in the commissioning and operations of a co-generation power plant. In 1999, he joined Westmont Offshore Sdn Bhd, a subsidiary of Techno Asia Holdings Berhad as Operations and Maintenance Executive, where he was tasked to provide support services to the plant manager in the operations and maintenance of power plants in Bangladesh and in Kenya. He was later transferred to Westmont Power (Kenya) Limited, another subsidiary of Techno Asia Holdings Berhad as Power Plant Manager in 2000 where he was responsible for the overall management of a power barge.

In 2003, he joined Oil-Line Engineering & Associates Sdn Bhd, a subsidiary of Oilcorp Berhad, as Senior Manager - Business/Project Development, where he was responsible for identifying new business opportunities as well as project development and implementation. During his tenure there, he was also in the team that spearheaded the proposal for the formation of Konsortium Perikanan Nasional Berhad for the national fisheries project in Malaysia.

In 2012, he joined Marsh Insurance Brokers (M) Sdn Bhd as Senior Consultant, Marsh Risk Consulting, where he prepared risk engineering survey reports for the power and utility sector. Between 2013 and 2016, he worked as an independent consultant, providing project management service for the development, construction and operational implementation of plants and facilities as well as conducting and preparing risk engineering survey reports.

In 2016, he joined Meng How Group's group of companies, which includes MHC, as Project Manager to oversee the development and commencement of the KIFPP Processing Facility and our Group's "MO Wholesale Centre" outlet. In order to focus his attention on the expansion of our Group's business, he was redesignated as Senior Manager (Planning and Development) under MHC in June 2020.

Yong Zi Fung

Head of Operations (MHC)

Yong Zi Fung, a Malaysian, aged 25, is our Head of Operations (MHC). He is responsible for overseeing the operations of our Group's processing activities.

He attended SMK Sri Permata and obtained his Sijil Pelajaran Malaysia in 2015.

He began his career in seafood processing as production worker with MHC in 2015. In 2016, he was promoted to Processing Supervisor where he supervised our Group's seafood processing activities and performed QC inspections. He was also responsible for procuring seafood supplies from fishing enterprises, which involved identifying suitable supplies based on quality and volume of available stock from fishing enterprises and negotiating the price and terms with these fishing enterprises.

In 2017, he was redesignated to Procurement Executive and was involved in the procurement of our Group's raw materials, allowing him to understand the needs and requirements of customers and expand our Group's network of customers and suppliers. He was promoted to Head of Operations (MHC) in 2020 and is responsible for our Group's processing activities, from managing procurement, production and inventories as well as assisting our Managing Director in maintaining good relationships with our Group's customers and suppliers.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.3.3 Principal directorships and business activities of our key management personnel outside our Group for the past 5 years

Save as disclosed below, as at the LPD, none of our key management personnel have any principal business activities performed outside our Group (including principal directorships) in the past 5 years preceding the LPD:

(i) **Yong Zi Fung**

Company	Principal activities	Involvement in business	Date of appointment	Date of resignation	Equity interest	
					Direct (%)	Indirect (%)
Past involvement						
MY Seafood Fishery (M) Sdn Bhd	Retail sale and wholesale of fish, other seafood and products thereof	Director and shareholder	10 April 2018	18 September 2020	- ⁽¹⁾	-
HCH Food Industries Sdn Bhd	Dissolved on 3 March 2022	Director and shareholder	5 September 2019	6 May 2021	- ⁽²⁾	-
MY Seafood Fishery	Frozen products	Sole Proprietor	28 November 2016	⁽³⁾ 14 September 2020	- ⁽³⁾	-

Note:

- (1) He disposed of his 100.0% equity interest in MY Seafood Fishery (M) Sdn Bhd to Tan Gaik Sim on 27 October 2021.
- (2) He disposed of his 50.0% equity interest in HCH Food Industries Sdn Bhd to Yong Boon Poh on 6 May 2021. HCH Food Industries Sdn Bhd was dissolved on 3 March 2022.
- (3) Date of his withdrawal from the sole proprietorship as he had on even date transferred his ownership to Yong Boon Poh.

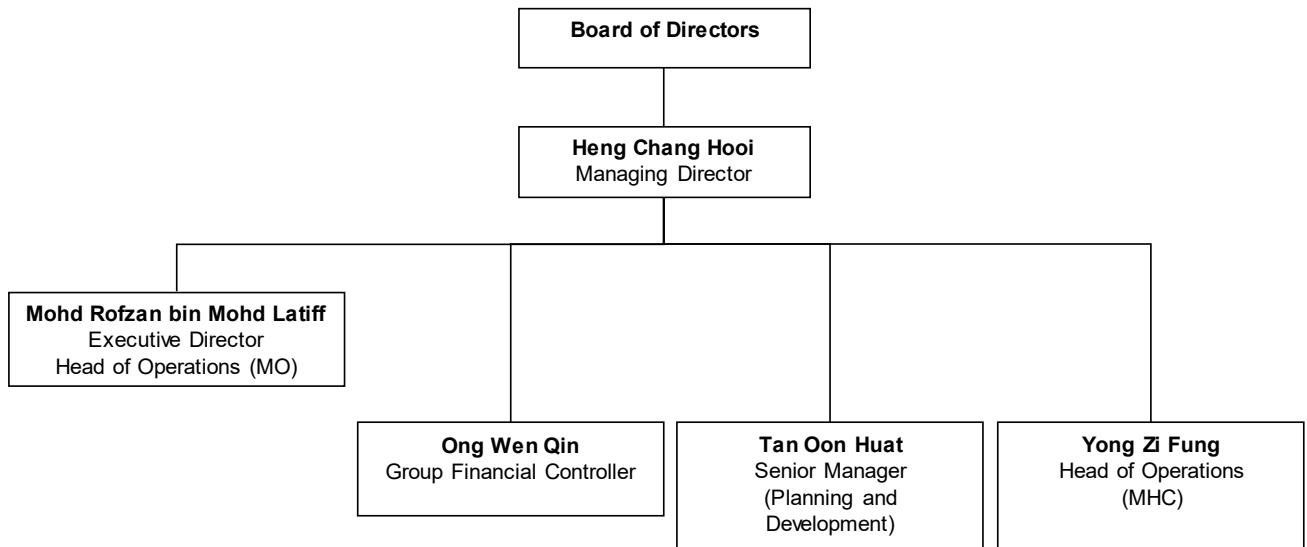
8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.3.4 Key management personnel's remunerations and material benefits-in-kind

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our key management personnel for services rendered to our Group in all capacities for the FYE 2022 to FYE 2023 are as follows:

Name	Remuneration band	
	FYE 2022 (Actual)	FYE 2023 (Proposed)
	RM	RM
Ong Wen Qin	100,001 to 150,000	150,000 to 200,000
Tan Oon Huat	100,001 to 150,000	100,001 to 150,000
Yong Zi Fung	50,001 to 100,000	50,001 to 100,000

8.4 Management Reporting Structure



8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.5 Board Practices

8.5.1 Board

As at the LPD, the date of expiration of the current term of office for each of our Directors and the period for which our Directors have served in that office are as follows:

<u>Name</u>	<u>Designation</u>	<u>Date of appointment</u>	<u>Date of expiration of the current term of office</u>	<u>No. of years in office</u>
Tan Sri Dato' Dr. Syed Jalaludin bin Syed Salim	Independent Non-Executive Chairman	14 July 2020	At the 3 rd Annual General Meeting ("AGM") to be held in 2022	More than 2 years
Heng Chang Hooi	Managing Director	6 September 2019	At the 4 th AGM to be held in 2023	More than 2 years
Mohd Rofzan bin Mohd Latiff	Executive Director	11 November 2020	At the 4 th AGM to be held in 2023	More than 1 year
Dato' Asmuni bin Sudin	Independent Non-Executive Director	11 November 2020	At the 3 rd AGM to be held in 2022	More than 1 year
Chan Foong Ping	Independent Non-Executive Director	11 November 2020	At the 5 th AGM to be held in the year 2024	More than 1 year
Steven Wong Chin Fung	Independent Non-Executive Director	8 July 2021	At the 5 th AGM to be held in the year 2024	More than 1 year

In accordance with our Company's Constitution, an election of Directors shall take place every year. At every AGM, 1/3 of our Directors who are subject to retirement by rotation for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election, provided that all Directors shall retire from office once at least in every 3 years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

Malaysian Code on Corporate Governance

Save as disclosed below, we are in compliance with the Malaysian Code on Corporate Governance which came into effect on 28 April 2021 ("MCCG").

Practice 5.9 of the MCCG sets out that a board of directors should comprise at least 30% female directors. As at the LPD, our Board has 1 female Director, which constitutes 17% of our Board. In view of the foregoing, we shall use our best endeavour to seek, observe and identify suitable female candidate(s) to our Board and ensure that the composition of our Board comprise at least 30% female Directors within 2 years from the date of our Listing.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

8.5.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 8 July 2021 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Chan Foong Ping	Chairman	Independent Non-Executive Director
Steven Wong Chin Fung	Member	Independent Non-Executive Director
Dato' Asmuni bin Sudin	Member	Independent Non-Executive Director

The main functions of our Audit and Risk Management Committee include:

- (i) to consider any matters concerning the appointment and re-appointment, the audit fee and any questions of resignation or dismissal of external auditors, and further ensure the suitability, objectivity and independence of external auditors;
- (ii) to review with the external auditors:
 - (a) their audit plan, scope and nature of the audit of our Group;
 - (b) their evaluation and findings of our system of internal controls;
 - (c) their audit reports;
 - (d) their management letter and our management's response with regard to problems and reservations arising from their audit; and
 - (e) any other matters that the external auditors may wish to discuss (in the absence of our management where necessary);
- (iii) to review the assistance given by the management and employees of our Group to the external auditors;
- (iv) to review any letter of resignation from the external auditors;
- (v) to review whether there are reasons (supported by grounds) to believe that the external auditors is not suitable for re-appointment;
- (vi) to recommend the nomination of a person or persons as external auditors;
- (vii) to review and assess the adequacy of the scope, functions, competency and resources of the internal audit functions, of which the internal auditors should report directly to our Audit and Risk Management Committee. The internal auditors must be independent, objective and have the relevant qualification and be responsible for providing assurance to our Audit and Risk Management Committee that our internal control system is operating effectively;
- (viii) to review the internal audit plan, processes and the results of internal audit assessments and investigation undertaken, and ensure that appropriate action is taken on the recommendations;

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

- (ix) to review the adequacy and effectiveness of our Group's internal control systems, risk management framework, anti-corruption and whistle-blowing as evaluated, identified and reported by our management, internal or external auditors as well as to review whether actions taken to ratify the same are appropriate or timely;
- (x) to review the quarterly and year-end financial statements of our Group, before the approval by our Board, focusing particularly on:
 - (a) any changes in or implementation of major accounting policy changes;
 - (b) significant matters highlighted including financial reporting issues, significant judgement made by our management, significant unusual events or transactions, and how these matters are addressed; and
 - (c) compliance with accounting standards and other legal requirements;
- (xi) to verify the allocation of options under a share issuance scheme or the allocation of shares according to any incentive plan for employees of our Group;
- (xii) our Group at the end of each financial year to comply with the criteria which are disclosed to the employees;
- (xiii) to review and conduct an annual performance evaluation of the internal and external auditors, in respect of each financial year under review, to monitor the performance, suitability, objectivity and independence of the internal and external auditors;
- (xiv) review any related party transactions and conflicts of interest situations that may arise within our Company or our Group including any transactions, procedures or course of conduct that raises doubts about the management integrity or due care; and
- (xv) to carry out such other functions or assignments as may be delegated by our Board from time to time.

8.5.3 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was established on 8 July 2021 and its members are appointed by our Board. Our Nomination and Remuneration Committee comprises the following members:

<u>Name</u>	<u>Designation</u>	<u>Directorship</u>
Dato' Asmuni bin Sudin	Chairman	Independent Non-Executive Director
Steven Wong Chin Fung	Member	Independent Non-Executive Director
Chan Foong Ping	Member	Independent Non-Executive Director

The main functions of our Nomination and Remuneration Committee include:

- (i) to consider and recommend to our Board suitable candidates for appointment as Directors of our Company. Our Nomination and Remuneration Committee may utilise any independent sources to identify suitably qualified candidate. Our Nomination and Remuneration Committee shall nominate or appoint a gender diverse Board. In making a recommendation to our Board on candidates for directorship, our Nomination and Remuneration Committee should consider the candidates':
 - (a) skills, knowledge, expertise and experience;
 - (b) professionalism;
 - (c) integrity; and

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

- (d) in the case of candidates for the position of Independent Director, our Nomination and Remuneration Committee shall also evaluate the candidates' ability to discharge such responsibilities / functions as expected from an Independent Director;
- (ii) to evaluate the required mix of skills, experience, core competencies, diversity (in terms of age, cultural background and gender) of our Board, our Board Committees and the contribution and performance of the individual Directors for the effective and efficient functioning of our Board and Board Committees;
- (iii) to appraise each individual Director and Chairman of our Board including Independent Directors as well as our Managing Director and Executive Directors in terms of his experience, knowledge, credibility and credentials and assess his effectiveness and contribution in carrying out his obligations and duties as a Board member of our Company. All assessments and evaluations carried out by our Nomination and Remuneration Committee in the discharge of all its functions should be properly documented;
- (iv) to examine the ability of each Director to contribute to the effective decision-making process of our Board and ensure that our Board is functioning actively, efficiently and effectively in all its decision making;
- (v) to review annually, the term of office and performance of our Audit and Risk Management Committee and each of its members to determine whether our Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference;
- (vi) to assess the effectiveness of our Board and our Board Committees as a whole;
- (vii) to review and assess the independence of our Independent Directors;
- (viii) to recommend to our Board concerning the re-election/re-appointment of Directors to our Board pursuant to our Company's Constitution;
- (ix) to oversee the development of succession planning of our Board and senior management;
- (x) to review and recommend to our Board the appropriate remuneration packages for our Directors and senior management, with or without other independent professional advice or other outside advice;
- (xi) to formulate policies, guidelines and set criteria for remuneration packages for our Directors and senior management;
- (xii) to ensure that our Directors are fairly and appropriately remunerated according to the industry, general market sentiments or conditions;
- (xiii) to determine the composition of the various types of components of remuneration such as basic salary, bonus and other benefits-in-kind for our Managing Director and Executive Directors;
- (xiv) to ensure all necessary actions are taken expediently by our Board to offer appropriate rewards, benefits, compensation and remuneration and to ensure that the levels of remuneration are sufficiently attractive to retain Directors and structuring the remuneration packages to link rewards to individual performance;

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)*

- (xv) to ensure that all remuneration packages and benefits given to our Directors are in compliance with our Company's remuneration policy and any other laws, rules, requirements, regulations and guidelines set by the relevant authorities and our Board from time to time;
- (xvi) to attend to any other functions that may be delegated by our Board which would be beneficial to our Company and ensure the effective discharge of our Nomination and Remuneration Committee's duties and responsibilities; and
- (xvii) to carry out such other functions or assignments as may be delegated by our Board from time to time.

8.6 Service Agreements

As at the LPD, none of our Directors and/or key management personnel have any existing or proposed service agreement with our Group.

8.7 Declarations by Our Promoter, Directors and Key Management Personnel

As at the LPD, none of our Promoter, Directors and key management personnel is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key management personnel in the last 10 years;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceeding in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;
- (v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market in the last 10 years;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) the subject of any current investigation or disciplinary proceeding, or has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; or
- (viii) any unsatisfied judgment against such person.

8.8 Relationships and/or Associations

There are no family relationships or associations between our Promoter, substantial shareholder, Directors and key management personnel.

8. INFORMATION ON PROMOTER, SUBSTANTIAL SHAREHOLDER, DIRECTORS AND KEY MANAGEMENT PERSONNEL *(cont'd)***8.9 Employees**

A summary of our Group's employees as at the LPD is set out below:

Department	No. of employees as at the LPD		
	Local	Foreign	Total
Management	7	-	7
Finance and accounting	11	-	11
Human resources and administration	9	-	9
Processing operations	9	27	36
Outlets	21	14	35
Total	57	41	98

As at the LPD, all our foreign employees are contractual employees and hold valid employment passes which are renewable annually. In June 2020, Malaysia's Minister of Human Resource announced a hiring freeze on foreign workers. As our recruitment of foreign workers was affected by the said hiring freeze, we have procured contractual workers from a third-party service provider to assist in our cleaning and cutting processes in order to address this temporary labour shortage. None of our employees are members of any union nor have there been any major industrial disputes in the past.

Our Board believes that the success of our Group depends on the ability and retention of our key management personnel. Therefore, we have made efforts to train our employees and remunerate them accordingly. Our future success will also depend on our ability to attract and retain skilled personnel.

We have a management succession plan consisting of:

- (i) structured career planning and development;
- (ii) competitive remuneration and employee benefits; and
- (iii) continuous training and development.

Additionally, our key management personnel have clearly defined leadership roles and responsibilities within operations and finance respectively and are able to provide support to our Managing Director to facilitate the growth of our Group.

As part of our management succession plan, we have put in place processes to groom new management staff to gradually assume the responsibilities of our key management personnel. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and recruitment of candidates with knowledge and expertise of our business to enhance operations.

9. RISK FACTORS

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

9.1 Risks Relating to Our Business and Operations

9.1.1 Our operations at the KIFPP Processing Facility are subject to risks of termination and/or non-renewal of the agreements with the ECERDC and/or the LKIM

We have been granted rights by the ECERDC to commercially invest, operate and manage the KIFPP Processing Facility for a period of 30 years commencing from 2 December 2016 up to 1 December 2046 via the ECERDC Commercial Agreement. Pursuant to the ECERDC Commercial Agreement, we have also entered into the LKIM Lease Agreement to lease the KIFPP Processing Facility from 1 September 2016 for a period of 3 years, which can be extended every 3 years up to 31 August 2046. The LKIM Lease Agreement was last renewed up to 31 August 2025.

At the same time, we have also obtained income tax exemption for a period of 10 years commencing from the year of assessment 2018 up to the year of assessment 2027 from the Malaysian Investment Development Authority as approved under the Income Tax (Exemption) (No. 6) 2016/P.U.(A) 159/2016, Income Tax Act 1967, which is conditional upon us operating in the KIFPP Processing Facility.

Details of the salient terms of the ECERDC Commercial Agreement and the LKIM Lease Agreement are set out in Section 6.19 of this Prospectus.

In the event that either the ECERDC Commercial Agreement or the LKIM Lease Agreement is terminated and/or not renewed, we may not be able to continue to operate at the KIFPP Processing Facility and will thus need to identify and relocate to a suitable premise that can accommodate our processing operations as well as obtain the necessary permits, licences, certifications and/or approvals to operate at the new premise, which is expected to take up to 18 months. We may also experience delays in locating such suitable premise that would grant us similar levels of operational and logistical efficiency compared to the KIFPP Processing Facility.

Pending relocation, our Group may continue the processing and trading of frozen seafood products by outsourcing our processing operations and/or purchase products for re-sale. Notwithstanding the continuation of our operations, our profitability may be adversely affected during this period. The relocation cost to a suitable premise would depend on, amongst others, the size and location of the premise as well as the availability of existing infrastructures on-site. The relocation process will incur additional costs and may disrupt our operations. In addition, our Group would no longer be able to enjoy the said tax exemption and would need to incur tax on income generated from processing of frozen seafood products. These additional costs, disruption to business and absence of tax exemption would have an adverse impact on our processing operations and financial performance.

9.1.2 Our operations are exposed to interruptions and delays caused by equipment failures, accidents, fires or floods

Our operations rely on a range of machineries and equipment to operate. These machineries and equipment, may on occasions, be out of service due to accidents, unanticipated failures or damages sustained during operations. In addition, our operations are also subject to catastrophic loss due to natural disasters such as fires and floods.

The KIFPP Processing Facility requires sufficient and consistent supply of electricity to operate, failing which our processing operations would be temporarily halted. As a precautionary measure, we have contracted to have 1 back-up generator on standby to power the cold room in the KIFPP Processing Facility in the event that power failure occurs to ensure that our frozen seafood products' quality are not affected.

9. RISK FACTORS *(cont'd)*

Any prolonged interruptions and/or delays to our operations from any of the above events may also have an adverse effect on our sales and financial performance.

Since the commencement of our operations at the KIFPP Processing Facility, we have not experienced any incidents of unanticipated machinery and equipment failures, catastrophic damages or power failures, which led to major interruptions in our operations.

In order to have sufficient power supply, we have in 2017 requested the ECERDC to increase the power supply to the KIFPP Processing Facility. A high-tension electrical room ("**HT Electrical Room**") was built and is located adjacent to the KIFPP Processing Facility. As at the LPD, approvals from the Fire and Rescue Department Malaysia – Pahang ("**Bomba Pahang**") and Majlis Perbandaran Kuantan ("**MPK**") for the HT Electrical Room are pending as the Rectification Works (as defined below) have yet to be completed.

Bomba Pahang had in August 2020 inspected the HT Electrical Room and required rectification works to be done, which include the HT Electrical Room being fully enclosed, equipped with carbon dioxide suppression system and to repair any equipment defects found in the main fire-fighting pump house ("**Rectification Works**"). On 17 June 2021, the LKIM has agreed to undertake the Rectification Works at its own costs, which is expected to begin in January 2023 (i.e. after Bomba Pahang has approved the building plans for the Rectification Works) and would take an estimated 3 months to complete. The said approvals from the Bomba Pahang and the MPK are expected to be obtained within 2 months after the Rectification Works have been completed. The Rectification Works are not expected to materially affect our processing operations as it is not expected to interrupt the power supply to the KIFPP Processing Facility save for a cumulative period of not more than 16 hours during the connection and disconnection of the electrical cables in order to facilitate the Rectification Works.

If electricity supply becomes unavailable pending the Rectification Works, our Group would require 3 back-up generators to power the KIFPP Processing Facility and would incur an additional estimated cost of RM150,000 per month.

9.1.3 Our export business is subject to risks of revocation or non-renewal of certifications

Some of our overseas customers require our processing operations to be HACCP-certified, GMP-compliant and/or 'Halal'-certified.

We are required to maintain the standards of operations at the KIFPP Processing Facility in order to comply with the requirements and conditions set out in the said certifications. In the event we fail to comply with any such requirements or conditions, our certifications may be revoked or not renewed upon expiry. The loss of any of these certifications may have an adverse impact on our business operations and financial performance as we may not be able to sell our frozen seafood products to those overseas customers that require such certifications. In addition, if the ECERDC deems the loss of any of these certifications to be a remediable breach and such breach is not remedied within the stipulated period, the ECERDC may terminate the ECERDC Commercial Agreement.

We have also registered with the SFDA which allows us to directly export our products to Saudi Arabia. The loss of this registration would prohibit us from directly exporting our products to Saudi Arabia.

Please refer to Section 6.7 of this Prospectus for further details of our certifications.

9. RISK FACTORS *(cont'd)*

9.1.4 We are dependent on our Executive Directors and key management personnel for the continuing success of our Group

The continuing success of our Group's business is dependent on the efforts, commitment and abilities of our Executive Directors and key management personnel who play significant roles in our day-to-day operations as well as the development and implementation of our business strategies. Our Executive Directors and key management personnel possess the relevant experience in order to oversee our processing operations from procurement of raw materials to store and delivery of our frozen seafood products as well as management of our outlets and online marketplace, from analysing trends and market demands and ensuring sufficiency of inventories in each outlet, to overseeing their daily operations.

Our Managing Director, Heng Chang Hooi has more than 20 years of experience in the trading of seafood, of which more than 9 years includes the processing of frozen seafood products. Since the commencement of our operations, Heng Chang Hooi has been instrumental in the development of our Group's processing and trading of frozen seafood products business, and building and maintaining relationships with our customers and suppliers as well as growing our exports to the international market.

He is also assisted by our other Executive Director and key management personnel, who have knowledge and experience in their respective fields and industries which are relevant to the development of our strategic directions as well as management of our business operations. Specifically, our Executive Director and Head of Operations (MO), Mohd Rofzan bin Mohd Latiff has experience in retailing of grocery products as well as managing facilities. In addition, our Head of Operations (MHC), Yong Zi Fung, has been with our Group since 2015 where he has built experience in both the processing and procurement aspects. Meanwhile, our Senior Manager (Planning and Development), Tan Oon Huat was key in overseeing the development and commencement of the KIFPP Processing Facility and our "MO Wholesale Centre" outlet.

As such, the loss of services of any of our Executive Directors and/or key management personnel within a short period of time without any suitable and timely replacement may adversely affect our business and financial performance. Please refer to Section 8.9 of this Prospectus for further details of our management succession plan.

9.1.5 We are dependent on the availability of foreign workers in our processing operations

Although we have invested in machineries and equipment to reduce the amount of labour required for our processing operations, we are still dependent on manual labour to perform a variety of our processing activities, whereby foreign workers comprise 56.2% of our workers at the KIFPP Processing Facility as at the LPD.

Any changes to foreign worker visa policies in Malaysia or in the countries which our foreign workers are from, may result in difficulties for our Group to maintain a sufficient labour workforce. In addition, any increase in the costs and levy rate of the foreign workers will increase our direct labour costs. These may adversely impact our business operations and financial performance.

On 22 June 2020, Malaysia's Minister of Human Resource announced a hiring freeze on foreign workers with the aim to create more job opportunities for the local workforce in view of the adverse impact from the COVID-19 pandemic which has caused a higher unemployment rate in Malaysia. The Malaysian Government had then on 13 August 2020 announced further easement on the hiring freeze on foreign workers by allowing employers to hire foreign workers who are still in Malaysia but have been laid-off, provided that these foreign workers have a valid working permit and were employed in the same sector previously.

Effective from 1 January 2021, it is mandatory for employers who intend to hire foreign workers to advertise the job openings on MYFutureJobs, a national online job portal that allows the Ministry of Human Resource to facilitate job matching involving locals to ensure that employment opportunities for Malaysians are given priority. The job applications will be opened to foreigners only when Malaysians are not interested to apply.

9. RISK FACTORS (cont'd)

Although our recruitment of foreign workers was affected by the said hiring freeze between June 2020 and August 2020, our Group's operations were not materially impacted as we also engaged contractual workers from a third-party service provider to supplement our existing workforce to assist in our cleaning and cutting processes in order to address this temporary labour shortage.

As there have been announcements to ease the hiring freeze on foreign workers since August 2020, our Group is not expected to face any difficulty in hiring foreign workers. Our Group also intends to increase the hiring of local full-time workers and reduce the hiring of foreign workers as a measure to comply with the condition imposed under the manufacturing licence issued by MITI prior to the deadline set by MITI, i.e. 31 December 2024, as well as reduce the hiring of contractual workers.

However, should there be future implementations of hiring freeze on foreign workers, this may temporarily affect our Group's anticipated business growth as the said hiring freeze and process could increase the cost and time required to hire new workers as well as impede or delay any expansion plans that we have.

9.1.6 We are exposed to foreign exchange rate fluctuations

Our overseas sales and purchases are denominated in USD resulting in our exposure to foreign exchange rate fluctuations. The breakdown of our sales and purchases based on the denominating currencies for the FYE 2019 to FYE 2022 are as follows:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Sales in:								
RM	102,940	88.4	120,205	74.5	108,058	58.0	149,395	42.8
USD	13,456	11.6	41,105	25.5	78,389	42.0	199,749	57.2
Total	116,396	100.0	161,310	100.0	186,447	100.0	349,144	100.0

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases in:								
RM	88,046	97.2	103,206	75.7	127,653	80.9	253,328	81.6
USD	2,570	2.8	33,041	24.3	30,064	19.1	57,202	18.4
Total	90,616	100.0	136,247	100.0	157,717	100.0	310,530	100.0

The impact of foreign currency exchange on our earnings for the FYE 2019 to FYE 2022 are summarised as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange gain	131	103	251	2,787
Unrealised foreign exchange gain	-	194	43	143
Total foreign exchange gain	131	297	294	2,930

Although we have not entered into any foreign exchange contracts as at the LPD, we maintain a multi-currency bank account to receive proceeds of our sales and payments for our purchases in USD, which provide a natural hedge against foreign currency fluctuations for our overseas sales and purchases.

9. RISK FACTORS *(cont'd)*

As we are unable to estimate the movement of foreign exchange rate and its impact on the revenue, cost of sales and earnings of our Group, any significant fluctuation in the exchange rate of USD into RM or vice versa may have a significant impact, whether positively or negatively, on our financial condition and results of operations. Hence, there is no assurance that any significant fluctuation in foreign currency exchange rate will not have a material adverse impact on the revenue and earnings of our Group.

Please refer to Note 25.2.4 of the Accountants' Report included in Section 13 of this Prospectus for the sensitivity analysis for foreign currency risk for our Group.

9.1.7 Implications of COVID-19 on our Group's business operations

The World Health Organisation had on 11 March 2020 declared the COVID-19 outbreak as a global pandemic. Following this, most countries including Malaysia have taken drastic measures by shutting down non-essential activities to contain the spread of COVID-19. This has resulted in a disruption in global supply chains and uncertainties in the market, thus, dampening the global economic outlook.

Since the beginning of the MCO, we were allowed to continue our business operations as our business operations are considered as an essential service. In the event any of our employees contract or be suspected of contracting COVID-19, we are required to quarantine the said employees and disinfect our outlets, offices and/or the KIFPP Processing Facility prior to resumption of our operations. Since the beginning of the MCO and up to the LPD, we have experienced temporary closure of our operations for a total of 9 days at the KIFPP Processing Facility and 8 days at our "MO Wholesale Centre" outlet as a result of our employees being tested positive for COVID-19. However, the temporary closure had not materially affected the business operations and financial performance of our Group. Please refer to Section 6.16 of this Prospectus for the impact on our business operations due to the COVID-19 pandemic.

Further, the COVID-19 pandemic may have a material adverse impact on the operations of our customers and suppliers, which in turn may affect our sales and purchases in the future.

In addition, we may also face delays in implementing our future plans and strategies in accordance with the expected timeline as set out in Section 6.22 of this Prospectus due to the COVID-19 pandemic. Failure to implement our business strategies and future plans in a timely manner may adversely affect our future business and financial performance.

9.1.8 We may not have adequate insurance to cover all losses or liabilities

We are subject to risks such as fire, flood and accidents that may adversely affect our business operations such as damages to our inventories, building, machinery and equipment. As such, we have secured insurance for a number of risks for our business operations such as fire, flood, burglary, public liability, fidelity and marine cargo.

Notwithstanding the insurance taken up by our Group for our inventories, building, machinery and equipment, our insurance do not cover certain types of losses that are not insurable or not economically insurable such as wars, riots, acts of terrorism, acts of God and outbreak of diseases. Further, any losses or damages in excess of our insured limits could have an adverse effect on our business, financial condition and results of operations. In addition, any insurance claims may affect subsequent insurance premiums charged to us by the respective insurance companies.

9.2 Risks Relating to the Industry in Which We Operate

9.2.1 We are subject to disruptions in supply of raw materials

Our processing operations are dependent on sufficient seafood supplies that meet our specifications. Our seafood supplies could be materially disrupted due to the occurrence of natural disasters, diseases or overfishing which may reduce the amount of supplies available in the market.

9. RISK FACTORS *(cont'd)*

Such disruptions in our supply chain may reduce our production output and thereby our sales. In addition, shortage of supplies available in the market may result in higher raw material prices which we may not be able to pass on to our customers. Thus, these may have an adverse impact on our business operations and financial performance.

9.2.2 We are exposed to product safety and quality-related risks that may harm our business and reputation and subject us to product liability claims and regulatory actions

Product safety and quality is important to our business and we rely on our QA/QC procedures to ensure our product safety and quality. These QA/QC procedures are detailed in Section 6.7 of this Prospectus. However, there can be no assurance that failures in our QA/QC procedures may not occur. Such failures include technical malfunctions, such as failure in our water filtration systems and temperature control of the KIFPP Processing Facility, or negligence or misconduct occurring during our processing operations.

Failures in our QA/QC procedures may give rise to contamination and quality-related issues which may result in product liability claims, penalties imposed by relevant government agencies, and loss in customers' and consumers' confidence. Since the commencement of our operations at the KIFPP Processing Facility, we have not received any product liability claims or penalties imposed by relevant government agencies resulting from any failures in our QA/QC procedures.

Losing our customers' confidence in the safety and quality of our frozen seafood products could cause our customers to avoid purchasing frozen seafood products from us, or to seek alternative sources of supply for their needs, even if the basis for the concern is not valid or is outside our control. Adverse publicity about these types of concerns, whether or not valid, could discourage customers from purchasing our frozen seafood products and any lost confidence on the part of our customers would be difficult and costly to re-establish.

The above will in turn have a material adverse impact on our business, financial condition, results of operations and prospects. Any product contamination and quality-related issues involving our competitors could also impact the regulation of the seafood industry as a whole and have a negative effect on our business.

9.2.3 We are subject to competition from other producers of frozen seafood products

We operate in a competitive industry and we face competition from other producers of frozen seafood products in the markets where we sell our frozen seafood products. Key factors that affect our competitiveness are product quality and variety, price, customer service, ability to meet local and international standards for food quality and safety, and timely delivery.

In order to compete in our industry, we have implemented measures such as utilising IQF technology, a freezer hardener and defrosting machine to process our frozen seafood products, having a network of local and international suppliers, and being compliant with relevant locally and internationally recognised certifications. However, we cannot guarantee that the above will continue to allow us to remain competitive or appeal to our present or future customers, who may move to our competitors who are able to offer similar products at more competitive pricing.

If we fail to respond effectively to competitive pressures and changes in the market for our frozen seafood products, our financial performance could be adversely affected. We must establish and maintain a good relationship with our customers in order to compete more effectively and we must regularly assess and keep up with the requirements of our customers in an effort to keep abreast with the latest trends. If we are unable to maintain our competitiveness, we could experience lower demand for our frozen seafood products and downward pressure on pricing, which will have a material adverse impact on our business, financial performance and prospects.

9. RISK FACTORS *(cont'd)*

9.2.4 We are subject to risks related to political, social, economic and regulatory conditions in Malaysia and the markets we serve

Any changes in the political, social, economic and regulatory conditions in Malaysia and in international markets such as the Asia Pacific and the Middle East could adversely affect our business operations and financial performance. Changes in the political, social, economic and regulatory conditions could arise from, amongst others, changes in political leadership, occurrence of civil war or disorder, changes in import tariffs and related duties, regulatory structures and outbreak of diseases such as the COVID-19 pandemic. Please refer to Section 6.16 of this Prospectus for further details on the implications and impact of the COVID-19 pandemic on our Group's business.

Similarly, any global or regional economic downturn would also affect overall business and consumer confidence, sentiments as well as investments, which would subsequently affect the demand for our products. As such, there can be no assurance that any adverse political, social, regulatory or economic developments which are beyond our control, will not materially affect our business and financial performance.

9.3 Risks Relating to Investment in Our Shares

9.3.1 There has been no prior market for our Shares

Prior to our Listing, there has been no public market for our Shares. Hence, there is no assurance that upon our Listing, an active market for our Shares will develop, or, if developed, that such market can be sustained. The IPO Price was determined after taking into consideration a number of factors including but not limited to our financial and operating history, our competitive strengths, our business strategies, and the industry overview. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

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

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

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

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

9.3.3 Our Promoter will be able to exert significant influence over our Company

Upon our Listing, our Promoter, Heng Chang Hooi will hold 380,020,000 Shares, which represents 71.0% of our enlarged issued share capital. As a result, he will have significant influence on the business direction and management of our Group. He may also be able to influence the outcome of most of the resolutions sought at general meetings of our Company, unless he is required to abstain from voting either by law and/or as required by the relevant guidelines or regulations.

9. RISK FACTORS *(cont'd)*

Pursuant to the ECERDC Commercial Agreement, Heng Chang Hooi has provided a written undertaking that he will not hold less than 51% in our Company without first obtaining the prior written consent of the ECERDC. As such, he will be obliged to hold majority equity interest in our Company and will continue to have significant influence on the business direction and management of our Group. Please refer to Section 6.19 of this Prospectus for further details of the ECERDC Commercial Agreement and Heng Chang Hooi's written undertaking.

9.3.4 There is no assurance of payment of dividends to our shareholders

It is our Board's intention to recommend and distribute a dividend of 20% of our PAT attributable to owners of our Company. However, our ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. There can be no assurance that dividends will be paid out in the future or the timing of any dividends that are to be paid in the future. If we do not pay dividends or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected.

Please refer to Section 12.11 of this Prospectus for further information on our dividend policy.

9.3.5 Our Listing is exposed to the risk that it may be aborted or delayed

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

- (i) the selected investors fail to subscribe for their portion of our IPO Shares;
- (ii) our Underwriter exercising its rights pursuant to the Underwriting Agreement to discharge itself from its obligations thereunder;
- (iii) our inability to meet the minimum public shareholding spread requirement under the Listing Requirements, i.e. at least 25% of the total number of our Shares must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of our Listing; or
- (iv) the revocation of approvals from the relevant authorities for our Listing and/or admission to the Official List for whatever reason.

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

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

Such cancellation requires the approval of shareholders by special resolution in a general meeting, with sanction of the High Court of Malaya or with notice to be sent to the Director General of the Inland Revenue Board and the Registrar of Companies within 7 days of the date of the special resolution and us meeting the solvency requirements under Section 117(3) of the Act. There can be no assurance that such monies can be recovered within a short period of time in such circumstances.

10. RELATED PARTY TRANSACTIONS

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

10.1 Related Party Transactions

Save for the Acquisitions and as disclosed below, our Directors have confirmed that there are no other material related party transactions that we had entered into with related parties in respect of the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to the LPD:

No.	Companies within our Group	Transacting parties	Nature of relationship	Nature of transaction	Value of transactions				1 May 2022 and up to the LPD
					FYE 2019	FYE 2020	FYE 2021	FYE 2022	
					RM'000	RM'000	RM'000	RM'000	RM'000
1.	MHC	Meng How (M)	Heng Chang Hooi was then the director and indirect shareholder of Meng How (M) ⁽¹⁾	(i) Sales of frozen seafood products to Meng How (M)	2,591 / 2.2% of our revenue	1,569 / 1.0% of our revenue	-	-	-
				(ii) Purchases of seafood supplies from Meng How (M)	288 / 0.3% of our cost of sales	14,429 / 10.6% of our cost of sales	-	-	-
				(iii) Disposal of a fishing vessel to Meng How (M) ⁽²⁾	5,884 / 20.1% of our NA	-	-	-	-
2.	MHC	Freshzo Seafood Sdn Bhd (formerly known as Meng How (Sabah) Sdn Bhd) (“Freshzo Seafood”)	Heng Chang Hooi was then the shareholder and director of Freshzo Seafood ⁽³⁾	(i) Sales of frozen seafood products to Freshzo Seafood	-	2,758 / 1.7% of our revenue	-	-	-
				(ii) Purchases of seafood supplies from Freshzo Seafood	-	425 / 0.3% of our cost of sales	-	-	-

10. RELATED PARTY TRANSACTIONS *(cont'd)*

Notes:

- (1) Heng Chang Hooi has disposed of his interest in Meng How Group, which holds the entire equity interest of Meng How (M), to his father, Heng Cho Seng and ceased his involvement in Meng How (M) since 11 September 2020.
- (2) The fishing vessel, which was originally purchased at the end of the FYE 2018, was disposed to Meng How (M) at the fishing vessel's original purchase price after taking into consideration a quotation from another third party vendor for a similar fishing vessel and at no gain or loss on disposal. The said disposal was part of our Group's strategy to cease our fishing activities and to focus on the processing and trading of frozen seafood products.
- (3) Heng Chang Hooi and his father, Heng Cho Seng have disposed their interests to a third party, Heng Cing Hin and ceased their involvement in Freshzo Seafood by 3 August 2021. As such, Freshzo Seafood has ceased to be a related party of the Group.

Our Directors are of the view that all the above related party transactions were transacted on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and were not detrimental to our non-interested shareholders based on market price for comparable products/raw materials.

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

In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and/or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolutions pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous to each other.

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

10.2 Transactions Entered into that are Unusual in Their Nature or Conditions

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to the LPD.

10. RELATED PARTY TRANSACTIONS *(cont'd)*

10.3 Loans and Financial Assistance Made to or for the Benefit of Related Parties

Save as disclosed below, our Directors have confirmed that there are no other material loans and/or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the FYE 2019, FYE 2020, FYE 2021, FYE 2022 and up to the LPD:

No.	Loans made to or for the benefit of related parties	Interested related party and nature of relationship	Nature of transaction and purpose	FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 May 2022 and up to the LPD
				RM'000	RM'000	RM'000	RM'000	RM'000
1.	Advances made to Meng How Limited	Heng Chang Hooi was then the director and indirect shareholder of Meng How Limited	Working capital	67	-	-	-	-
2.	Advances made to Meng How (M)	Heng Chang Hooi was then the director and shareholder of Meng How (M)	Working capital	3,114	-	-	-	-
3.	Advances made to Freshzo Seafood	Heng Chang Hooi was then the director and shareholder of Freshzo Seafood	Working capital	845	-	-	-	-
4.	Advances made to HCH Food Industries Sdn Bhd	Heng Chang Hooi and Yong Zi Fung (being our key management personnel) were then the directors and shareholders of HCH Food Industries Sdn Bhd ⁽¹⁾	Working capital	54	-	-	-	-

Note:

(1) Heng Chang Hooi and Yong Zi Fung have disposed their interests and ceased their involvement in HCH Food Industries Sdn Bhd on 6 May 2021.

The advances to Meng How Limited, Meng How (M) and Freshzo Seafood were made as these companies were related companies of our Group in the FYE 2019. These advances were unsecured, interest-free and repayable on demand. These advances were fully repaid in the FYE 2020. Moving forward, our Company has put in place strict internal control and compliance procedures in relation to loans and financial assistance to third parties, and no further loans or financial assistance will be given to any related parties by our Group unless such loans and financial assistance are permitted under law and the Listing Requirements and brought to our Audit and Risk Management Committee and our Board for deliberation and approval.

10. RELATED PARTY TRANSACTIONS *(cont'd)*

10.4 Monitoring and Oversight of Related Party Transactions and Conflict of Interest

10.4.1 Audit and Risk Management Committee review

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

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

10.4.2 Our Group's policy on related party transactions and conflict of interest

It is the policy of our Group that all related party transactions and conflict of interest must be immediately and fully disclosed by our interested or conflicted Directors or major shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interests in companies carrying on similar businesses, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

11. CONFLICT OF INTEREST

11.1 Interest in Similar Businesses of our Group

As at the LPD, none of our Directors and/or substantial shareholder has any interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

11.2 Declarations of Conflict of Interests by Our Advisers

- (i) Mercury Securities has given its written confirmation that, as at the date of this Prospectus, there is no existing or potential conflict of interest in its capacity as our Principal Adviser, Underwriter and Placement Agent for our Listing.
- (ii) Chooi & Company + Cheang & Ariff has confirmed that there is no conflict of interest in its capacity as the Solicitors to our Group in relation to our Listing.
- (iii) Grant Thornton Malaysia PLT has confirmed that there is no conflict of interest in its capacity as the Auditors and Reporting Accountants to our Group in relation to our Listing.
- (iv) PROVIDENCE has confirmed that there is no conflict of interest in its capacity as the IMR to our Group in relation to our Listing.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

12. FINANCIAL INFORMATION

12.1 Historical Financial Information

Our audited financial statements were prepared in accordance with Malaysian Financial Reporting Standards (“**MFRS**”) and International Financial Reporting Standards (“**IFRS**”). There has been no audit qualification on our audited financial statements for the FYE 2019 to FYE 2022.

Our Company was incorporated under the Act on 6 September 2019 and completed the Acquisitions on 22 December 2020. As such, our historical financial information is presented based on the audited consolidated financial statements of our Group for the FYE 2019 to FYE 2022.

The following historical financial information for the FYE 2019 to FYE 2022 should be read in conjunction with the “Management Discussion and Analysis of Financial Condition and Results of Operations” as set out in Section 12.2 of this Prospectus and the Accountants’ Report as set out in Section 13 of this Prospectus.

12.1.1 Historical statements of profit or loss and other comprehensive income

The table below sets out a summary of the audited statements of profit or loss and other comprehensive income of our Group for the FYE 2019 to FYE 2022:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM’000	RM’000	RM’000	RM’000
Revenue	116,396	161,310	186,447	349,144
Cost of sales	(90,616)	(136,247)	(157,717)	(310,530)
GP	25,780	25,063	28,730	38,614
Other income	398	349	495	3,084
Administration and other expenses	(7,999)	(9,400)	(9,544)	(18,206)
Impairment (loss)/gain of financial assets, net	-	(759)	430	246
Profit from operations	18,179	15,253	20,111	23,738
Finance income	339	156	252	218
Finance costs	(2,218)	(2,657)	(2,994)	(2,661)
PBT	16,300	12,752	17,369	21,295
Tax expense	(1,070)	(526)	(1,313)	(184)
PAT	15,230	12,226	16,056	21,111
EBITDA ⁽¹⁾	20,536	17,729	22,668	26,428
GP margin (%)	22.1	15.5	15.4	11.1
PBT margin (%)	14.0	7.9	9.3	6.1
PAT margin (%)	13.1	7.6	8.6	6.0
Basic EPS ⁽²⁾ (sen)	3.8	3.1	4.0	5.3
Diluted EPS ⁽³⁾ (sen)	2.8	2.3	3.0	3.9

12. FINANCIAL INFORMATION (cont'd)

Notes:

(1) The table below sets out the computation in arriving at the EBITDA:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
PBT	16,300	12,752	17,369	21,295
Finance costs	2,218	2,657	2,994	2,661
Finance income	(339)	(156)	(252)	(218)
Depreciation and amortisation	2,357	2,476	2,557	2,690
EBITDA	20,536	17,729	22,668	26,428

(2) Computed based on PAT divided by our 400,020,000 issued Shares before our IPO.

(3) Computed based on PAT divided by our enlarged 535,020,000 issued Shares after our IPO.

12.1.2 Historical statements of financial position

The table below sets out a summary of the statements of financial position of our Group as at 30 April 2019, 2020, 2021 and 2022:

	Audited			
	As at 30 Apr 2019	As at 30 Apr 2020	As at 30 Apr 2021	As at 30 Apr 2022
	RM'000	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	23,577	22,911	22,116	20,482
Right-of-use assets	5,810	5,629	6,208	6,522
Fixed deposits with licensed banks ⁽¹⁾	6,221	9,202	10,518	9,859
Total non-current assets	35,608	37,742	38,842	36,863
Current assets				
Inventories	5,733	5,078	8,161	11,623
Trade receivables	31,767	39,746	39,136	43,146
Other receivables ⁽²⁾	11,357	1,403	1,306	1,167
Tax recoverable	646	361	16	331
Fixed deposits with licensed banks	-	-	-	1
Cash and bank balances	2,681	10,082	30,458	45,526
Total current assets	52,184	56,670	79,077	101,794
TOTAL ASSETS	87,792	94,412	117,919	138,657

12. FINANCIAL INFORMATION (cont'd)

	Audited			
	As at 30 Apr 2019	As at 30 Apr 2020	As at 30 Apr 2021	As at 30 Apr 2022
	RM'000	RM'000	RM'000	RM'000
EQUITY				
Equity attributable to owners of the Company				
Share capital	6,500	6,501	20,001	20,001
Merger deficit ⁽³⁾	-	-	(13,400)	(13,400)
Retained earnings	22,836	29,562	45,618	66,730
TOTAL EQUITY	29,336	36,063	52,219	73,331
LIABILITIES				
Non-current liabilities				
Borrowings	15,108	13,047	13,078	10,965
Lease liabilities	3,253	3,034	2,998	3,294
Provision for restoration costs ⁽⁴⁾	430	515	1,208	1,336
Deferred tax liabilities	228	268	264	272
Total non-current liabilities	19,019	16,864	17,548	15,867
Current liabilities				
Trade payables	5,914	5,721	1,611	3,687
Other payables	3,358	3,017	2,857	9,276
Provision for restoration costs ⁽⁴⁾	44	-	15	-
Contract liabilities ⁽⁵⁾	35	75	120	-
Amount due to Directors	4,664	-	-	-
Borrowings	24,745	31,974	42,311	35,925
Lease liabilities	621	688	652	562
Tax payable	56	10	586	9
Total current liabilities	39,437	41,485	48,152	49,459
TOTAL LIABILITIES	58,456	58,349	65,700	65,326
TOTAL EQUITY AND LIABILITIES	87,792	94,412	117,919	138,657

Notes:

- (1) Fixed deposits with licensed banks which have been pledged as collateral for credit facilities obtained from financial institutions.
- (2) Included amounts due from related parties totalling RM10.0 million, which were fully repaid in the FYE 2020.
- (3) Represents the difference between total cost of the Acquisitions and the nominal value of the shares acquired in MHC, MO and HGMC.
- (4) Comprise estimated costs of dismantling, removal and/or restoration of the KIFPP Processing Facility and other rented properties upon expiry of the respective tenancy agreements.
- (5) Relates to unredeemed loyalty points issued to our customers for our "MO Foodmart™" outlets.

12. FINANCIAL INFORMATION (cont'd)**12.2 Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis should be read together with the Accountants' Report as set out in Section 13 of this Prospectus.

The management's discussion and analysis contains data derived from forward-looking statements that involve risks and uncertainties. Future results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 9 of this Prospectus.

12.2.1 Overview of our operations

Our Group is principally involved in the following:

- (i) processing and trading of frozen seafood products; and
- (ii) retail trading of other products, including meat and non-meat products.

Our frozen seafood products are sold on a wholesale basis directly to wholesalers, food manufacturers and retailers as well as via our "MO Wholesale Centre" outlet. In addition, we also sell our frozen seafood and other products directly to end-customers via our "MO Foodmart™" outlets and our online marketplace, "MO Signature™".

Please refer to Section 6 of this Prospectus for an overview of our business and Section 12.3 of this Prospectus for the significant factors affecting our operations and financial performance.

12.2.2 Revenue

We sell our products locally in Malaysia and internationally. Our products sold locally are denominated in RM, whilst products sold internationally are denominated in USD.

Revenue by business and products

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Processing and trading of frozen seafood products								
Wholesale	73,140	62.9	99,796	61.9	137,918	74.0	291,146	83.4
Retail	17,967	15.4	38,931	24.1	27,893	15.0	30,354	8.7
	<u>91,107</u>	<u>78.3</u>	<u>138,727</u>	<u>86.0</u>	<u>165,811</u>	<u>89.0</u>	<u>321,500</u>	<u>92.1</u>
Retail trading of other products								
Meat	23,399	20.1	20,993	13.0	18,175	9.7	18,800	5.4
Non-meat	1,890	1.6	1,590	1.0	2,461	1.3	8,844	2.5
	<u>25,289</u>	<u>21.7</u>	<u>22,583</u>	<u>14.0</u>	<u>20,636</u>	<u>11.0</u>	<u>27,644</u>	<u>7.9</u>
Total	<u>116,396</u>	<u>100.0</u>	<u>161,310</u>	<u>100.0</u>	<u>186,447</u>	<u>100.0</u>	<u>349,144</u>	<u>100.0</u>

12. FINANCIAL INFORMATION (cont'd)**Revenue by geographical location**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	102,940	88.4	120,205	74.5	108,058	58.0	149,395	42.8
Overseas								
Saudi Arabia	3,482	3.0	27,746	17.2	56,490	30.3	42,729	12.2
China	255	0.2	4,760	3.0	21,050	11.3	154,339	44.2
Philippines	9,702	8.4	8,392	5.2	-	-	-	-
UAE	-	-	207	0.1	849	0.4	2,681	0.8
Indonesia	17	*	-	-	-	-	-	-
	<u>13,456</u>	<u>11.6</u>	<u>41,105</u>	<u>25.5</u>	<u>78,389</u>	<u>42.0</u>	<u>199,749</u>	<u>57.2</u>
Total	<u>116,396</u>	<u>100.0</u>	<u>161,310</u>	<u>100.0</u>	<u>186,447</u>	<u>100.0</u>	<u>349,144</u>	<u>100.0</u>

Note:

* Less than 0.1%

Approximately 88.4%, 74.5%, 58.0% and 42.8% of our revenue were denominated in RM for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022 respectively, with the remainder denominated in USD.

Our online marketplace, "MO Signature™", which was launched in June 2020, have generated revenue of RM0.1 million and RM0.2 million in the FYE 2021 and FYE 2022 respectively.

FYE 2019 vs FYE 2020

Our Group's revenue increased by RM44.9 million or 38.6% to RM161.3 million in the FYE 2020, which was mainly attributable to the following:

- (i) increase in overseas sales by RM27.6 million from RM13.5 million in the FYE 2019 to RM41.1 million in the FYE 2020, which was mainly attributable to an increase in exports to existing and new customers in Saudi Arabia and China from RM3.5 million and RM0.3 million in the FYE 2019 to RM27.8 million and RM4.8 million in the FYE 2020 respectively. This increase was due to increased acceptance of our Group's frozen seafood products in the international markets as a result of, amongst others, the following:
 - (a) our Group obtaining various independent certifications for food quality and safety standard compliance such as GMP and HACCP in December 2018;
 - (b) our Group introducing our frozen seafood products processed using the IQF technology, which maintains the quality and freshness of our products and benefits end-customers as they can defrost and consume the exact quantity required, in April 2018; and
 - (c) our Group's marketing of our frozen seafood products through exhibitions and business referrals; and
- (ii) increase in local sales by RM17.3 million from RM102.9 million in the FYE 2019 to RM120.2 million in the FYE 2020, which was mainly attributable to our Group's marketing campaign and promotional activities for our Group's frozen seafood products at our "MO Foodmart™" outlets.

12. FINANCIAL INFORMATION *(cont'd)*

Our Group's revenue from the retail trading of other products segment decreased by RM2.7 million or 10.7% to RM22.6 million in the FYE 2020, which was mainly due to lower traffic at our outlets during the MCOs.

FYE 2020 vs FYE 2021

Our Group's revenue increased by RM25.1 million or 15.6% to RM186.4 million in the FYE 2021, which was mainly attributable to an increase in exports to existing and new customers in Saudi Arabia and China by RM45.0 million. The increase in exports to Saudi Arabia and China in the FYE 2021 was due to increasing acceptance of our Group's frozen seafood products by overseas customers mainly as a result of the consistent quality of our products, which was mainly attributable to our compliance with various food quality and safety standard as well as the usage of IQF technology in the processing of our frozen seafood products. The increase in export sales was partially offset by a decrease in local sales mainly as a result of lower traffic at our "MO Foodmart™" outlets following the imposition of the MCOs by the Malaysian Government.

Our Group's revenue from the retail trading of other products segment decreased by RM1.9 million or 8.6% to RM20.6 million in the FYE 2021, which was mainly due to lower traffic at our outlets during the MCOs.

FYE 2021 vs FYE 2022

Our Group's revenue increased by RM162.7 million or 87.3% to RM349.1 million in the FYE 2022, which was mainly attributable to the following:

- (i) increase in overseas sales by RM121.4 million from RM78.4 million in the FYE 2021 to RM199.7 million in the FYE 2022, which was mainly due to an increase in exports to existing and new customers in China from RM21.1 million in the FYE 2021 to RM154.3 million in the FYE 2022. This increase was mainly due to the following:
 - a. increased acceptance by an existing China customer (Fuzhou Ding Sheng Yuan Trade Co., Ltd) and the expansion of business operations by another existing China customer (Fujian Jia He Yuan Aquatic Product Co., Ltd), both secured in the FYE 2021, which resulted in an increase in orders by RM85.2 million during the FYE 2022; and
 - b. secured 35 new customers in China during the FYE 2022 mainly through referrals from existing customers as well as through our earlier participations in international seafood exhibitions; and
- (ii) increase in local sales by RM41.3 million from RM108.1 million in the FYE 2021 to RM149.4 million in the FYE 2022, which was mainly attributable to higher demand by local wholesalers.

Our Group's revenue from the retail trading of other products segment increased by RM7.0 million or 34.0% to RM27.6 million in the FYE 2022, which was mainly due to higher foot fall to our outlets arising from amongst others, less restrictive MCOs and SOPs during the FYE 2022.

12. FINANCIAL INFORMATION (cont'd)**12.2.3 Cost of sales****Cost of sales by components**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials ⁽¹⁾	86,761	95.7	129,682	95.2	152,921	97.0	294,718	94.9
Direct labour ⁽²⁾	977	1.1	1,503	1.1	286	0.2	1,959	0.6
Direct overhead ⁽³⁾	2,878	3.2	5,062	3.7	4,510	2.8	13,853	4.5
Total	90,616	100.0	136,247	100.0	157,717	100.0	310,530	100.0

Notes:

- (1) Mainly comprise fresh and frozen seafood and meat products procured from local and overseas suppliers.
- (2) Comprise wages and other emoluments for production personnel deployed at the KIFPP Processing Facility.
- (3) Mainly comprise utilities, depreciation, upkeep and maintenance of the KIFPP Processing Facility, transportation costs and packaging materials.

Cost of sales by business

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Processing and trading of frozen seafood products	68,424	75.5	117,755	86.4	141,879	90.0	286,828	92.4
Retail trading of other products	22,192	24.5	18,492	13.6	15,838	10.0	23,702	7.6
Total	90,616	100.0	136,247	100.0	157,717	100.0	310,530	100.0

FYE 2019 vs FYE 2020

Our cost of sales increased by RM45.6 million or 50.4% to RM136.3 million in the FYE 2020, which was mainly due to:

- (i) an increase in purchases of fresh and frozen seafood supplies from our suppliers; and
- (ii) an increase in transportation costs by RM1.6 million to RM1.8 million in the FYE 2020 as a result of the increase in purchases of raw materials from our suppliers,

to cater for the increase in sales of our Group's frozen seafood products in the FYE 2020.

12. FINANCIAL INFORMATION (cont'd)**FYE 2020 vs FYE 2021**

Our cost of sales increased by RM21.5 million or 15.8% to RM157.7 million in the FYE 2021, which was mainly due to:

- (i) an increase in purchases of high value seafood supplies such as prawns and squid by RM10.2 million to RM34.7 million in the FYE 2021 to cater for customers' demand for such products; and
- (ii) an increase in purchases of other fresh and frozen seafood supplies from our suppliers to cater for the increase in sales of our Group's frozen seafood products in the FYE 2021.

FYE 2021 vs FYE 2022

Our cost of sales increased by RM152.8 million or 96.9% to RM310.5 million in the FYE 2022, which was mainly due to:

- (i) an increase in purchase of fresh and frozen seafood supplies from our suppliers;
- (ii) an increase in direct labour by RM1.7 million to RM2.0 million in the FYE 2022 due to the increase in utilisation of part-time workers to cater for higher sales demand during the FYE 2022; and
- (iii) an increase in transportation costs by RM7.3 million to RM8.9 million in the FYE 2022 as a result of amongst others, global increase in shipping rates as well as an increase in purchases of raw materials from our suppliers.

12.2.4 GP and GP margin

The following table summarises the breakdown of our GP and GP margin by business:

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	GP	GP margin	GP	GP margin	GP	GP margin	GP	GP margin
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Processing and trading of frozen seafood products	22,683	24.9	20,972	15.1	23,932	14.4	34,672	10.8
Retail trading of other products	3,097	12.3	4,091	18.1	4,798	23.3	3,942	14.3
Total GP / Overall GP margin	25,780	22.1	25,063	15.5	28,730	15.4	38,614	11.1

12. FINANCIAL INFORMATION (cont'd)**FYE 2019 vs FYE 2020**

Notwithstanding the increase in revenue, our Group's GP decreased marginally by RM0.7 million or 2.8% to RM25.1 million in the FYE 2020, which was due to the decrease in GP of processing and trading of frozen seafood products by 7.5% to RM21.0 million in the FYE 2020. This decrease in GP was due to a decrease in GP margin of this segment from 24.9% in the FYE 2019 to 15.1% in the FYE 2020 mainly as a result of the following strategies:

- (i) competitive pricing accorded to certain overseas customers in order to secure orders from these customers and thereby gain more market share in the international markets; and
- (ii) promotion of frozen seafood products under our own brand "MyLaut" to local wholesalers at promotional pricing (i.e. at a discount of approximately 5%) to improve brand visibility.

For information purposes, the above competitive/promotional pricing is still ongoing as part of our Group's continuous efforts to gain more market share and improve brand visibility.

Our Group's GP margin of the trading of other products segment increased to 18.1% in the FYE 2020 from 12.3% in the FYE 2019 was mainly due to our Group being able to secure supplies at competitive pricing through bulk purchasing.

FYE 2020 vs FYE 2021

Our Group's GP increased by RM3.7 million or 14.6 % to RM28.7 million in the FYE 2021, which was mainly attributable to the increase in GP of processing and trading of frozen seafood products by RM3.0 million or 14.1% to RM23.9 million in the FYE 2021 following the increase in this segment's revenue. The slight drop in GP margin of this segment from 15.1% in the FYE 2020 to 14.4% in the FYE 2021 was mainly due to higher sales of high value frozen seafood products such as prawns and squid which generally have a slightly lower GP margin.

Our Group's GP margin of the retail trading of other products segment increased to 23.3% in the FYE 2021 from 18.1% in the FYE 2020 was mainly due to our Group being able to secure supplies at competitive pricing through bulk purchasing.

FYE 2021 vs FYE 2022

Following the increase in revenue, our Group's GP increased by RM9.9 million from RM28.7 million to RM38.6 million in the FYE 2022. Notwithstanding the increase in revenue and GP, our Group's GP margin decreased from 15.4% to 11.1% in the FYE 2022.

The decrease in our Group's GP margin for our retail trading of other products segment was mainly as a result of our Group maintaining prices of our other products, i.e. poultry, due to the price ceiling set by the Malaysian Government despite fluctuations in costs of supplies in the FYE 2022 especially during festive seasons, whilst the decrease in our Group's GP margin for our processing and trading of frozen seafood products segment was mainly due to the following:

- (i) an increase in costs of raw materials amidst the global increase in shipping rates;
- (ii) competitive pricing of our frozen seafood products accorded to certain customers in China in view of the much larger order size from these customers;
- (iii) higher sales of high value frozen seafood products such as prawns which generally has a lower GP margin; and
- (iv) competitive pricing of our frozen seafood products accorded to local wholesalers in order to secure more orders from these wholesalers and thereby gain more market share.

12. FINANCIAL INFORMATION (cont'd)**12.2.5 Other income**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Realised foreign exchange gain	131	32.9	103	29.5	251	50.7	2,787	90.4
Rent concessions	-	-	-	-	52	10.5	76	2.5
Unrealised foreign exchange gain	-	-	194	55.6	43	8.7	143	4.6
Reversal of provision for restoration costs	-	-	15	4.3	29	5.9	-	-
Gain on early termination of leases	-	-	2	0.6	25	5.1	22	0.7
ECERDC reimbursement ⁽¹⁾	247	62.1	-	-	-	-	-	-
Unredeemed loyalty points ⁽²⁾	-	-	-	-	-	-	46	1.5
Others ⁽³⁾	20	5.0	35	10.0	95	19.1	10	0.3
Total	398	100.0	349	100.0	495	100.0	3,084	100.0

Notes:

- (1) Reimbursement paid by the ECERDC to our Group for the commissioning of a high tension electrical room located adjacent to the KIFPP Processing Facility.
- (2) Relates to points accumulated by our outlets' loyalty programme customers. Please refer to Section 6.10(v) of this Prospectus for further details of the loyalty programme.
- (3) Comprise of discount received, wage subsidy, rental income and other miscellaneous income.

FYE 2019 vs FYE 2020

Our other income decreased by RM0.05 million or 12.3% to RM0.3 million in the FYE 2020, which was mainly due to the absence of the ECERDC reimbursement in the FYE 2020. This was partially offset by unrealised foreign exchange gain as a result of the weakening of RM against USD at the end of the FYE 2020.

FYE 2020 vs FYE 2021

Our other income increased by RM0.1 million or 41.8% to RM0.5 million in the FYE 2021, which was mainly due to the increase in realised foreign exchange gain as a result of settlement of sales and purchases when the foreign exchange rates were favourable to us.

FYE 2021 vs FYE 2022

Our other income increased by RM2.6 million or 523.0% to RM3.1 million in the FYE 2022, which was mainly due to the increase in realised foreign exchange gain mainly as a result of an increase in the USD exchange rates from an average of RM4.10:USD1.00 in the FYE 2021 to RM4.20:USD1.00 in the FYE 2022 as well as an increase in our overseas sales by RM121.4 million or 154.8% in the FYE 2022 as mentioned in Section 12.2.2 above.

12. FINANCIAL INFORMATION (cont'd)**12.2.6 Administration and other expenses**

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff costs	2,119	26.5	2,440	24.0	2,616	28.7	3,749	20.9
Depreciation	1,166	14.6	1,272	12.5	1,355	14.9	1,482	8.3
Forwarding and carriage outwards	544	6.8	1,243	12.2	1,019	11.2	4,075	22.7
Upkeep of property, plant and equipment	859	10.7	560	5.5	839	9.2	1,059	5.9
COVID-19 expenses	-	-	24	0.2	5	*	1,403	7.8
Legal and professional fees	110	1.3	331	3.3	776	8.5	1,525	8.5
Utility charges	558	7.0	709	7.0	697	7.6	664	3.7
Directors' remuneration	419	5.2	300	3.0	299	3.3	1,550	8.6
Insurance	92	1.2	118	1.2	253	2.8	269	1.5
Traveling and accommodation	486	6.1	628	6.2	216	2.4	179	1.0
Agent fees ⁽¹⁾	122	1.5	384	3.8	196	2.2	309	1.7
Audit fees	89	1.1	126	1.2	142	1.6	154	0.9
Rental expenses	528	6.6	272	2.7	122	1.3	471	2.6
Printing and stationery	37	0.5	157	1.5	122	1.3	230	1.3
Permit and levy	170	2.1	156	1.5	93	1.0	36	0.2
Bad debts written off ⁽²⁾	198	2.5	-	-	-	-	39	0.2
Others ⁽³⁾	502	6.3	680	6.7	794	8.7	1,012	5.6
	<u>7,999</u>	<u>100.0</u>	<u>9,400</u>	<u>92.5</u>	<u>9,544</u>	<u>104.7</u>	<u>18,206</u>	<u>101.4</u>
Impairment loss/(gain) of financial assets, net	-	-	759	7.5	(430)	(4.7)	(246)	(1.4)
Total	<u>7,999</u>	<u>100.0</u>	<u>10,159</u>	<u>100.0</u>	<u>9,114</u>	<u>100.0</u>	<u>17,960</u>	<u>100.0</u>

Notes:

* Less than 0.1%

(1) Fees paid for business referral in relation to sales to a customer.

(2) Mainly comprise trade and/or other receivables written off.

(3) Mainly comprise bank charges, secretarial fees and licence fees.

12. FINANCIAL INFORMATION *(cont'd)***FYE 2019 vs FYE 2020**

Our administration and other expenses increased by RM1.4 million or 17.5% to RM9.4 million in the FYE 2020, which was mainly due to:

- (i) an increase in staff costs by RM0.3 million mainly as a result of recruitment of additional personnel for our new "MO Wholesale Centre" outlet which commenced operations in January 2020;
- (ii) an increase in forwarding and carriage outwards by RM0.7 million mainly as a result of the higher sales recorded in the FYE 2020;
- (iii) an increase in legal and professional fees by RM0.2 million mainly as a result of engagement of professionals for our Listing; and
- (iv) an increase in fees paid for business referral by RM0.2 million.

These increases were partially offset by the following:

- (i) a decrease in Directors' remuneration of RM0.1 million following the resignation of Heng Chang Hooi's father, Heng Cho Seng as a director of MHC and MO in December 2019; and
- (ii) a decrease in rental expenses mainly as a result of the reclassification of the rental for cold room facilities from administration and other expenses in the FYE 2019 to cost of sales in the FYE 2020.

The net impairment loss of financial assets of RM0.8 million in the FYE 2020 was mainly as a result of impairment loss on our Group's trade and other receivables which were past due and no subsequent collections were received.

FYE 2020 vs FYE 2021

Our administration and other expenses increased by RM0.1 million or 1.5% to RM9.5 million in the FYE 2021, which was mainly attributable to:

- (i) an increase in staff costs by RM0.2 million mainly as a result of recruitment of 2 additional key management personnel/Director during the FYE 2021;
- (ii) an increase in upkeep of property, plant and equipment by RM0.3 million; and
- (iii) an increase in legal and professional fees by RM0.4 million mainly as a result of engagement of professionals for our Listing.

These increases were partially offset by the following:

- (i) a decrease in forwarding and carriage outwards by RM0.2 million mainly as a result of some of our overseas customers arranging for their own product deliveries;
- (ii) a decrease in traveling and accommodation expenses by RM0.4 million due to the implementation of MCOs by the Malaysian Government; and
- (iii) a decrease in fees paid for business referral by RM0.2 million.

The net impairment gain of financial assets of RM0.4 million in the FYE 2021 was mainly as a result of reversal of impairment loss on our Group's trade and other receivables due to lower recognition of expected credit loss.

12. FINANCIAL INFORMATION (cont'd)**FYE 2021 vs FYE 2022**

Our administration and other expenses increased by RM8.7 million or 90.8% to RM18.2 million in the FYE 2022, which was mainly attributable to:

- (i) an increase in staff costs by RM1.1 million mainly as a result of the introduction of performance incentives for our employees at the KIFPP Processing Facility as well provision for bonuses for our Group's employees;
- (ii) an increase in forwarding and carriage outwards by RM3.1 million as a result of an increase in export sales as mentioned in Section 12.2.2 above and global increase in shipping rates; and
- (iii) an increase in COVID-19 related expenses by RM1.4 million mainly as a result of cargo sanitisation for export purposes.

12.2.7 Finance costs

	Audited							
	FYE 2019		FYE 2020		FYE 2021		FYE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptance interest	781	35.2	1,058	39.8	1,088	36.3	1,142	42.9
Term loans interest	910	41.0	915	34.4	899	30.0	720	27.1
Revolving financing interest	-	-	236	8.9	265	8.9	268	10.1
Trade payable overdue interest	-	-	-	-	221	7.4	-	-
Lease liabilities interest	255	11.5	217	8.2	207	6.9	218	8.2
Bank overdrafts interest	130	5.9	125	4.7	74	2.5	100	3.7
Others ⁽¹⁾	142	6.4	106	4.0	240	8.0	213	8.0
Total	2,218	100.0	2,657	100.0	2,994	100.0	2,661	100.0

Note:

- (1) Mainly comprise interest costs incurred from invoice financing, bank guarantee fees and interest on provision for restoration cost on our rented properties.

FYE 2019 vs FYE 2020

Our finance costs increased by RM0.5 million or 19.8% to RM2.7 million in the FYE 2020, which was mainly due to:

- (i) an increase in bankers' acceptance interest by RM0.3 million as a result of higher utilisation of the facility following higher purchase of raw materials from local and overseas suppliers to cater for the increased demand for our Group's frozen seafood products; and
- (ii) an increase in interest costs by RM0.2 million incurred on revolving financing employed by our Group in the FYE 2020 to part-finance our Group's working capital requirements.

12. FINANCIAL INFORMATION (cont'd)**FYE 2020 vs FYE 2021**

Our total finance costs increased by RM0.3 million or 12.7% to RM3.0 million in the FYE 2021, which was mainly due to:

- (i) an increase in interest on provision for restoration cost for our rented properties by RM0.1 million; and
- (ii) an interest of RM0.2 million on overdue payments to our supplier, PK Agro – Industrial Products (M) Sdn Bhd (“**PK Agro**”) in the FYE 2021. The overdue payments were due to disputes on delivery volume and were fully settled on 28 June 2021 pursuant to a settlement agreement entered into with PK Agro on 7 August 2020 as detailed in Section 15.5 of this Prospectus.

FYE 2021 vs FYE 2022

Our total finance costs decreased by RM0.3 million or 11.1% to RM2.7 million in the FYE 2022, which was mainly due to:

- (i) decrease in term loan interest by RM0.2 million due to lower interest charged based on reducing balance method; and
- (ii) absence of trade payables overdue interest of RM0.2 million which was charged in the FYE 2021 as mentioned above.

12.2.8 Finance income

Our finance income was mainly interest income earned from fixed deposits with licensed banks.

FYE 2019 vs FYE 2020

Our finance income decreased by RM0.2 million or 54.0% to RM0.2 million in the FYE 2020. This was mainly due to interest income for the FYE 2018 being recorded as interest income in the FYE 2019 upon receipt in the FYE 2019 whereas interest income was recognised based on accrual basis in the FYE 2020.

FYE 2020 vs FYE 2021

Our finance income increased by RM0.1 million or 61.5% to RM0.3 million in the FYE 2021, which was mainly due to additional fixed deposits pledged in the FYE 2021.

FYE 2021 vs FYE 2022

Our finance income decreased by RM0.03 million or 13.5% to RM0.2 million in the FYE 2022, which was mainly due to lower fixed deposit rates granted by licensed financial institutions during the FYE 2022.

12.2.9 Tax expense

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Tax expense (RM'000)	1,070	526	1,313	184
Effective tax rate (%)	6.6	4.1	7.6	0.9
Statutory tax rate (%)	24.0	24.0	24.0	24.0

12. FINANCIAL INFORMATION (cont'd)

Our effective tax rates for the FYE 2019 to FYE 2022 were lower than the statutory tax rate of 24%, which was mainly attributable to the income tax exemption granted by the Malaysian Investment Development Authority to MHC for a period of 10 years commencing from the year of assessment 2018. This has allowed MHC to enjoy 100% income tax exemption for income earned from processing of frozen seafood products during the said period, which is conditional upon us operating in the KIFPP Processing Facility. The absence of the said income tax exemption would result in higher effective tax rate as a result of tax payable on income generated from processing of frozen seafood products.

FYE 2019 vs FYE 2020

Our Group's effective tax rate decreased from 6.6% in the FYE 2019 to 4.1% in the FYE 2020, which was mainly attributable to a decrease in deferred tax by RM0.5 million in the FYE 2020.

FYE 2020 vs FYE 2021

Our Group's effective tax rate increased from 4.1% in the FYE 2020 to 7.6% in the FYE 2021, which was mainly attributable to under provision of tax expense of RM0.8 million in the FYE 2020.

FYE 2021 vs FYE 2022

Our Group's effective tax rate decreased from 7.6% in the FYE 2021 to 0.9% in the FYE 2022, which was mainly attributable to non-recurrence of under provision of tax expense of RM0.8 million which was provided in the FYE 2021 as well as lower PBT generated by our taxable operating subsidiaries of RM0.4 million in the FYE 2022 as compared to RM1.7 million in the FYE 2021.

12.2.10PBT and PAT

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
PBT (RM'000)	16,300	12,752	17,369	21,295
PBT margin (%)	14.0	7.9	9.3	6.1
PAT (RM'000)	15,230	12,226	16,056	21,111
PAT margin (%)	13.1	7.6	8.6	6.0

FYE 2019 vs FYE 2020

Our Group's PBT and PAT decreased by RM3.5 million and RM3.0 million respectively in the FYE 2020, which was mainly due to:

- (i) an impairment loss of our Group's trade and other receivables of RM0.8 million which were past due and no subsequent collections were received;
- (ii) higher forwarding and carriage outwards by RM0.7 million as a result of the higher sales recorded in the FYE 2020; and
- (iii) higher bankers' acceptance interest by RM0.3 million as a result of higher utilisation of the facility to purchase raw materials.

Our Group's PBT margin and PAT margin also decreased to 7.9% and 7.6% respectively in the FYE 2020, which was mainly due to the decrease in our Group's GP margin as mentioned above.

12. FINANCIAL INFORMATION (cont'd)**FYE 2020 vs FYE 2021**

Our Group's PBT and PAT increased by RM4.6 million and RM3.8 million respectively in the FYE 2021, which was mainly attributable to the following:

- (i) higher GP mainly as a result of our Group's increase in revenue as mentioned in Section 12.2.4 above; and
- (ii) gain arising from reversal of impairment loss on our Group's trade and other receivables of RM0.4 million in the FYE 2021 as compared to an impairment loss of RM0.8 million in the FYE 2020 mainly as a result of lower recognition of expected credit loss.

Our Group's PBT margin and PAT margin also increased to 9.3% and 8.6% respectively in the FYE 2021, which was mainly due to the impairment gain on our Group's trade receivables as mentioned above.

FYE 2021 vs FYE 2022

Our Group's PBT and PAT increased by RM3.9 million and RM5.1 million respectively in the FYE 2022, which was mainly attributable to the following:

- (i) higher GP mainly as a result of an increase in our Group's revenue as mentioned in Section 12.2.4 above; and
- (ii) lower tax expenses as mentioned in Section 12.2.9 above.

However, our Group's PBT margin and PAT margin decreased to 6.1% and 6.0% respectively in the FYE 2022 mainly as a result of the lower GP margin achieved during the FYE 2022 as mentioned in Section 12.2.4 above.

12.2.11 Key financial ratios

Our key financial ratios are as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
Trade receivables turnover (days) ⁽¹⁾	56	81	77	43
Trade payables turnover (days) ⁽²⁾	32	16	8	3
Inventories turnover (days) ⁽³⁾	34	14	15	12
Current ratio (times) ⁽⁴⁾	1.32	1.37	1.64	2.06
Gearing ratio (times) ⁽⁵⁾	1.49	1.35	1.13	0.69

Notes:

- (1) Computed based on the average between the opening and closing of trade receivables over our Group's revenue multiplied by 365 days.
- (2) Computed based on the average between the opening and closing of trade payables over our Group's cost of sales multiplied by 365 days.
- (3) Computed based on the average between the opening and closing of inventories over our Group's cost of sales multiplied by 365 days.
- (4) Computed based on current assets over current liabilities.
- (5) Computed based on total borrowings over total equity.

12. FINANCIAL INFORMATION (cont'd)**(i) Trade receivables turnover**

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Trade receivables	31,767	39,746	39,136	43,146
Revenue	116,396	161,310	186,447	349,144
Trade receivables turnover period (days)	56	81	77	43

The normal credit period granted to our customers ranges from cash on delivery to 120 days. Our credit terms to customers are assessed and approved on a case-to-case basis taking into consideration various factors such as relationships with customers, customers' payment history, credit worthiness, transaction volume, financial background, market reputation as well as customers' ability to pay.

FYE 2019 vs FYE 2020

Our Group's trade receivables turnover period increased from 56 days in the FYE 2019 to 81 days in the FYE 2020. The lower trade receivables turnover period of 56 days in the FYE 2019 was mainly due to a relatively lower opening balance of trade receivables of RM3.7 million (FYE 2020: RM31.8 million) mainly as a result of lower sales coupled with a lower proportion of credit sales of 46.1% in the FYE 2018 (FYE 2019: 73.6%).

FYE 2020 vs FYE 2021

Our Group's trade receivables turnover period decreased from 81 days in the FYE 2020 to 77 days in the FYE 2021 which was mainly due to tightened policy and procedures on credit control as well as increased collection efforts through close monitoring of trade receivables outstanding and reminders to our customers of the outstanding amounts.

FYE 2021 vs FYE 2022

Our Group's trade receivables turnover period decreased from 77 days in the FYE 2021 to 43 days in the FYE 2022 which was mainly due to tightened policy and procedures on credit control as well as increased collection efforts through close monitoring of trade receivables outstanding and reminders to our customers of the outstanding amounts.

12. FINANCIAL INFORMATION (cont'd)

The ageing analysis of our Group's trade receivables as at 30 April 2022 is as follows:

	Past due						Total
	Not past due	1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade receivables	37,989	1,406	739	2,546	496	53	43,229
Expected credit loss	-	-	-	-	(30)	(53)	(83)
Net trade receivables	37,989	1,406	739	2,546	466	-	43,146
% of total net trade receivables	88.0	3.3	1.7	5.9	1.1	-	100.0
Subsequent collections as at the LPD	36,516	751	737	2,490	466	-	40,960
Outstanding net trade receivables	1,473	655	2	56	-	-	2,186

As at 30 April 2022, our trade receivables stood at RM43.1 million, of which RM5.2 million or 12.0% of our trade receivables exceeded the normal credit period. As at the LPD, we have collected RM41.0 million or 94.9% of our trade receivables as at 30 April 2022.

Our Board is of the opinion that the remaining trade receivables as at the LPD are recoverable after taking into consideration our Group's long-term relationships with these customers.

The expected credit loss of RM0.1 million for the FYE 2022 were due to the application of "MFRS 9 - Financial Instruments" and had taken into consideration, amongst others, invoices which were past due more than 120 days, historical credit loss rate of trade receivables and macroeconomic factors.

(ii) Trade payables turnover

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	5,914	5,721	1,611	3,687
Cost of sales	90,616	136,247	157,717	310,530
Trade payables turnover period (days)	32	16	8	3

The normal credit period granted by our suppliers ranges from cash on delivery to 90 days. To maintain good relationships with our suppliers, we will make payments to our suppliers when the invoices are due. Our trade payables turnover period for the FYE 2019 to FYE 2022 were between 3 days and 32 days, which were within the credit period granted by our suppliers.

12. FINANCIAL INFORMATION (cont'd)**FYE 2019 vs FYE 2020**

Our Group's trade payables turnover period decreased from 32 days in the FYE 2019 to 16 days in the FYE 2020, mainly as a result of higher utilisation of banking facilities to purchase raw materials from overseas suppliers.

FYE 2020 vs FYE 2021

Our Group's trade payables turnover period decreased from 16 days in the FYE 2020 to 8 days in the FYE 2021, mainly as a result of early payments to some of our suppliers in the FYE 2021 in order to secure priority supply as well as supply of high quality raw materials.

FYE 2021 vs FYE 2022

Our Group's trade payables turnover period decreased from 8 days in the FYE 2021 to 3 days in the FYE 2022, mainly as a result of early payments to some of our suppliers in the FYE 2022 in order to secure priority supply as well as supply of high quality raw materials.

The ageing analysis of our Group's trade payables as at 30 April 2022 is as follows:

	Past due					Total RM'000
	Not past due	1-30 days	31-60 days	61-90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Trade payables	2,481	806	399	1	-	3,687
% of total trade payables	67.3	21.9	10.8	*	-	100.0
Subsequent payments as at the LPD	2,481	654	399	1	-	3,535
Outstanding net trade payables	-	152	-	-	-	152

Note:

* Less than 0.1%

As at the LPD, we have settled RM3.5 million or 95.9% of our trade payables as at 30 April 2022.

(iii) Inventories turnover

Our inventories mainly comprise fresh and frozen seafood and meat products.

A summary of our Group's inventories turnover for the FYE 2019 to FYE 2022 is set out below:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Inventories	5,733	5,078	8,161	11,623
Cost of sales	90,616	136,247	157,717	310,530
Inventories turnover period (days)	34	14	15	12

12. FINANCIAL INFORMATION (cont'd)**FYE 2019 vs FYE 2020**

Our Group's inventory turnover period decreased from 34 days in the FYE 2019 to 14 days in the FYE 2020. This was mainly due to relatively higher opening balance of inventories of RM11.3 million in order to cater for expected higher demand in the first quarter of FYE 2019.

FYE 2020 vs FYE 2021

Our Group's inventories turnover period increased marginally from 14 days in the FYE 2020 to 15 days in the FYE 2021, which indicates the effectiveness of our inventory management to cater for increased sales demand. We constantly monitor and keep track of our inventories in order to maintain a minimum inventory level whilst meeting our customers' expected demand.

FYE 2021 vs FYE 2022

Our Group's inventories turnover period decreased from 15 days in the FYE 2021 to 12 days in the FYE 2022 mainly due to a more efficient inventory turnaround time to cater for the increased demand for our products. We also continue to monitor and keep track of our inventories in order to maintain a minimum inventory level whilst meeting our customers' expected demand.

(iv) Current ratio

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Current assets	52,184	56,670	79,077	101,794
Current liabilities	39,437	41,485	48,152	49,459
Current ratio (times)	1.32	1.37	1.64	2.06

Our current ratio maintained between 1.32 times to 2.06 times from the FYE 2019 to FYE 2022. This indicates that our Group is capable of meeting our current obligations as our current assets such as inventories and trade receivables, which can be readily converted to cash, together with our cash and bank balances are enough to meet immediate current liabilities.

(v) Gearing ratio

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Total borrowings ⁽¹⁾	43,727	48,743	59,039	50,746
Total equity	29,336	36,063	52,219	73,331
Gearing ratio (times)	1.49	1.35	1.13	0.69

Note:

- (1) Total borrowings include bank overdrafts, term loans, bankers' acceptance, invoice financing, revolving financing and lease liabilities payable.

12. FINANCIAL INFORMATION (cont'd)

Our gearing ratio decreased from 1.49 times as at 30 April 2019 to 0.69 times as at 30 April 2022, mainly as a result of the increase in our Group's retained earnings in the FYE 2020, FYE 2021 and FYE 2022 respectively. Our gearing ratio of above 1 time as at 30 April 2019, 30 April 2020 and 30 April 2021 was mainly due to utilisation of bankers' acceptance to finance our purchases of raw materials.

12.3 Significant Factors Affecting Our Operations and Financial Performance

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

(i) ECERDC Commercial Agreement and LKIM Lease Agreement

We have been granted rights by the ECERDC to commercially invest, operate and manage the KIFPP Processing Facility for a period of 30 years commencing from 2 December 2016 up to 1 December 2046 via the ECERDC Commercial Agreement. Pursuant to the ECERDC Commercial Agreement, we have also entered into the LKIM Lease Agreement to lease the KIFPP Processing Facility from 1 September 2016 for a period of 3 years, which can be extended every 3 years up to 31 August 2046.

At the same time, we have also obtained income tax exemption for a period of 10 years commencing from the year of assessment 2018 up to the year of assessment 2027 from the Malaysian Investment Development Authority as approved under the Income Tax (Exemption) (No. 6) 2016/P.U.(A) 159/2016, Income Tax Act 1967, which is conditional upon us operating in the KIFPP Processing Facility.

In the event that either the ECERDC Commercial Agreement or the LKIM Lease Agreement is terminated and/or not renewed, we may not be able to continue to operate at the KIFPP Processing Facility and will thus need to identify and relocate to a suitable premise that can accommodate our processing operations as well as obtain the necessary permits, licences, certifications and/or approvals to operate at the new premise.

This process will incur additional costs and may disrupt our operations. In addition, our Group would no longer be able to enjoy the said tax exemption and would incur tax on income generated from processing of frozen seafood products.

Please refer to Section 9.1.1 of this Prospectus for the risks of termination and/or non-renewal of the ECERDC Commercial Agreement and the LKIM Lease Agreement.

(ii) Foreign currency exchange rate fluctuations

Our overseas sales and purchases are denominated in USD. In this respect, fluctuations in the exchange rate between RM and USD may have a material effect on our reported revenue and costs as they are required to be stated in RM in our financial statements. We maintain a foreign currency bank account to receive proceeds of our sales and payments for our purchases in USD, which provide a natural hedge for our overseas sales and purchases.

The breakdown of our sales and purchases transacted in RM and USD for the FYE 2022 are summarised as follows:

	Revenue		Purchases	
	RM'000	%	RM'000	%
RM	149,395	42.8	253,328	81.6
USD	199,749	57.2	57,202	18.4
Total	349,144	100.0	310,530	100.0

12. FINANCIAL INFORMATION (cont'd)

The impact of foreign currency exchange on our earnings for the FYE 2019 to FYE 2022 are summarised as follows:

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Realised foreign exchange gain	131	103	251	2,787
Unrealised foreign exchange gain	-	194	43	143
Total foreign exchange gain	131	297	294	2,930

Please refer to Section 9.1.6 of this Prospectus for the risk relating to fluctuation of foreign exchange rates.

(iii) Disruptions due to COVID-19 pandemic

Despite the MCOs, our processing and trading activities were allowed to continue as our business was recognised as an essential service. This has reduced the impact of the COVID-19 pandemic on our Group's financial performance in the FYE 2020 to FYE 2022.

In the event that any of our employees are infected with COVID-19 or any contagious or virulent diseases, we will be required to temporarily halt our business operations for a period of time as advised by the Ministry of Health, Malaysia in order to contain the spread of the disease. If any of our employees are infected, all our employees would be required to undergo a COVID-19 test.

Our Group has not suffered any material interruptions to our business operations throughout the MCOs that have been implemented thus far. As at the LPD, we have only experienced temporary closure of our operations for a total of 9 days at the KIFPP Processing Facility and 8 days at our "MO Wholesale Centre" outlet as a result of our employees being tested positive for COVID-19.

While we experienced a lower traffic at our "MO Foodmart™" outlets during the MCOs, we were able to increase our revenue by increasing our exports to Saudi Arabia and China as detailed in Section 12.2.2 of this Prospectus as well as by launching our own online marketplace, "MO Signature™" to reach out directly to the end-customers in June 2020.

The COVID-19 pandemic did not have a significant adverse impact on our overall financial performance for the FYE 2020 to FYE 2022 as the resultant decrease in local sales was more than offset by an increase in overseas sales. This can be seen in the growth of our revenue from RM161.3 million in the FYE 2020 to RM186.4 million in the FYE 2021 and to RM349.1 million in the FYE 2022.

Since the implementation of the MCO on 18 March 2020 till the LPD, our Group incurred additional cost of RM1.4 million for amongst others, implementation of precautionary measures at our premises to minimise the risk of COVID-19 infections and to comply with the SOPs imposed by the Malaysian Government as well as cargo sanitisation for export purposes.

To ensure the continuity of our business operations, we have and will continue to manage our personnel to ensure that they are working in a safe environment. We have strict hygiene procedures (which are in accordance to HACCP guidelines) prior to entry into the KIFPP Processing Facility. We have also implemented precautionary steps and SOP guidelines at all of our premises based on the conditions imposed by the relevant authorities.

12. FINANCIAL INFORMATION *(cont'd)*

Please refer to Sections 6.16 and 9.1.7 of this Prospectus for further details on the impact of COVID-19 pandemic on our Group's business.

The impact of other factors on our business and financial performance are as follows:

(i) Interest rates

Our Group's financial performance for the FYE 2019 to FYE 2022 were not materially affected by fluctuations in interest rates. However, major increase in interest rates would raise the cost of borrowings and our finance costs, which may have an adverse impact on our Group's financial performance.

Please refer to Note 25.2.3 of the Accountants' Report as set out in Section 13 of this Prospectus for our exposure to interest rate risk for the FYE 2019 to FYE 2022.

(ii) Inflation

Our Group's financial performance for the FYE 2019 to FYE 2022 were not materially affected by the impact of inflation.

(iii) Government/economic/fiscal/monetary policies

There were no government, economic, fiscal or monetary policies which have affected our financial performance for the FYE 2019 to FYE 2022. There is no assurance that our financial performance will not be adversely affected by the impact of changes in government, economic, fiscal or monetary policies moving forward.

Please refer to Section 9.2.4 of this Prospectus for risks relating to economic, social, political and regulatory policies which may materially affect our business operations.

12.4 Liquidity and Capital Resources

12.4.1 Working capital

Our business is financed by a combination of internal and external sources of funds. Our internal sources of funds comprise shareholders' equity and cash generated from our business operations while our external sources of funds mainly comprise banking facilities from financial institutions.

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

- (i) our cash and cash equivalents (which excludes fixed deposits pledged as collateral for credit facilities obtained) of approximately RM45.2 million as at 30 June 2022;
- (ii) our positive operating cash flows for the past 4 financial years;
- (iii) our total credit facilities of RM56.8 million, of which RM1.7 million are unutilised as at 30 June 2022. These unutilised credit facilities mainly comprise term loan of RM0.2 million, bankers' acceptance of RM1.3 million, revolving financing of RM0.1 million and bank overdrafts of RM0.1 million; and
- (iv) the expected proceeds from our Public Issue.

12. FINANCIAL INFORMATION (cont'd)**12.4.2 Cash flows**

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	7,917	22,961	23,557	20,768
Net cash used in investing activities	(6,930)	(1,095)	(638)	(394)
Net cash from/(used in) financing activities	102	(16,546)	(2,806)	(3,049)
Net increase in cash and cash equivalents	1,089	5,320	20,113	17,325
Cash and cash equivalents brought forward	(156)	933	6,447	26,366
Effect of foreign exchange difference	-	194	(194)	(4)
Cash and cash equivalents carried forward	933	6,447	26,366	43,687

Cash and cash equivalents comprise the following:

Fixed deposits with licensed banks	6,221	9,202	10,518	9,860
Cash and bank balances	2,681	10,082	30,458	45,526
Bank overdrafts	(1,748)	(3,635)	(4,092)	(1,840)
	7,154	15,649	36,884	53,546
Less: Fixed deposits pledged	(6,221)	(9,202)	(10,518)	(9,859)
Total	933	6,447	26,366	43,687

FYE 2019**Net cash for operating activities**

For the FYE 2019, our operating profit before working capital changes was RM20.7 million. Our net cash from operating activities was RM7.9 million after adjusting for the following key items:

- (i) decrease in our inventories by RM5.6 million mainly attributable to a relatively higher opening balance of inventories in order to cater for expected higher demand in the first quarter of FYE 2019;
- (ii) increase in our trade and other receivables by RM24.9 million mainly attributable to higher sales for the FYE 2019 and our business strategy to increase our penetration in domestic and international markets by offering favourable credit terms;
- (iii) decrease in our trade and other payables by RM2.7 million mainly attributable to higher utilisation of banking facilities to finance our purchases of raw materials from our overseas suppliers as mentioned below; and
- (iv) increase in bankers' acceptance by RM10.8 million as we drew down additional credit facilities via bankers' acceptance to finance our purchases of raw materials from overseas suppliers.

12. FINANCIAL INFORMATION *(cont'd)*

Net cash for investing activities

For the FYE 2019, we recorded net cash used in investing activities of RM6.9 million, which was mainly due to purchase of machinery and equipment of RM6.8 million for the KIFPP Processing Facility and our "MO Foodmart™" outlets.

Net cash for financing activities

For the FYE 2019, we recorded net cash from financing activities of RM0.1 million. We drew down term loans of RM2.2 million and received advances from our Directors of RM1.0 million as well as interest income of RM0.3 million. These cash inflows were offset by the following:

- (i) repayments of term loans and lease liabilities (including interest) of RM2.5 million; and
- (ii) placement of pledged fixed deposits of RM1.0 million.

FYE 2020***Net cash for operating activities***

For the FYE 2020, our operating profit before working capital changes was RM18.3 million. Our net cash from operating activities was RM23.0 million after adjusting for the following key items:

- (i) drawdown of revolving financing of RM5.2 million to finance our Group's increased purchases of raw materials; and
- (ii) decrease in our trade and other receivables of RM1.2 million as a result of tightened policy and procedures on credit control as well as increased collection efforts through close monitoring of trade receivables outstanding and reminders to our customers of the outstanding amounts.

Net cash for investing activities

For the FYE 2020, we recorded net cash used in investing activities of RM1.1 million, which was mainly attributable to purchase of office equipment and renovations totalling RM0.9 million for our new "MO Wholesale Centre" outlet.

Net cash for financing activities

For the FYE 2020, we recorded net cash used in financing activities of RM16.5 million mainly comprising:

- (i) payment of dividend of RM5.5 million;
- (ii) repayment of our Directors' advances (which were mainly used for our Group's working capital) of RM4.7 million;
- (iii) placement of pledged fixed deposits of RM3.0 million for additional credit facilities; and
- (iv) repayments of term loans and lease liabilities (including interest) of RM3.5 million.

12. FINANCIAL INFORMATION *(cont'd)***FYE 2021*****Net cash for operating activities***

For the FYE 2021, our operating profit before working capital changes was RM22.1 million. Our net cash from operating activities was RM23.6 million after adjusting for the following key items:

- (i) increase in our inventories by RM3.1 million mainly attributable to higher sales for the FYE 2021;
- (ii) decrease in our trade and other receivables of RM1.4 million mainly attributable to our Group's continuous improvement on credit control policy and procedures;
- (iii) decrease in our trade and other payables by RM4.3 million mainly attributable to early payments to some of our suppliers in the FYE 2021 in order to secure priority supply as well as supply of high quality raw materials; and
- (iv) increase in bankers' acceptance of RM10.0 million as we drew down additional credit facilities via bankers' acceptance to finance our purchases of raw materials from overseas suppliers.

Net cash for investing activities

For the FYE 2021, we recorded net cash used in investing activities of RM0.6 million, which was mainly attributable to purchases of office equipment of RM1.1 million for our "MO Foodmart™" outlets and the KIFPP Processing Facility, which were partially offset by a provision for restoration cost of the KIFPP Processing Facility of RM0.6 million.

Net cash for financing activities

For the FYE 2021, we recorded net cash used in financing activities of RM2.8 million. We drew down term loans of RM1.0 million and received proceeds from issuance of shares of RM0.1 million as well as interest income of RM0.3 million. These cash inflows were offset by the following:

- (i) repayments of term loans and lease liabilities (including interest) of RM2.8 million; and
- (ii) placement of pledged fixed deposits of RM1.3 million for additional credit facilities.

FYE 2022***Net cash for operating activities***

For the FYE 2022, our operating profit before working capital changes was RM26.0 million. Our net cash from operating activities was RM20.8 million after adjusting for the following key items:

- (i) increase in our inventories by RM3.5 million mainly attributable to higher sales for the FYE 2022;
- (ii) increase in our trade and other receivables by RM3.5 million mainly attributable to higher sales for the FYE 2022;
- (iii) increase in our trade and other payables by RM8.5 million mainly attributable to higher logistics and forwarding charges as a result of increased export sales and global increase in shipping rates in the FYE 2022, as well as provisions for staff performance incentives and bonuses, and higher COVID-19 related expenses as mentioned in Section 12.2.6 above; and
- (iv) decrease in bankers' acceptance by RM3.7 million as we made repayments for settlement of bankers' acceptances due in the FYE 2022.

12. FINANCIAL INFORMATION *(cont'd)*

Net cash for investing activities

For the FYE 2022, we recorded net cash used in investing activities of RM0.4 million, which was mainly attributable to:

- (i) purchase of machinery and equipment of RM0.2 million for the KIFPP Processing Facility; and
- (ii) purchase of 2 new motor vehicles totalling RM0.2 million.

Net cash for financing activities

For the FYE 2022, we recorded net cash used in financing activities of RM3.0 million, which was mainly attributable to repayments of term loans and lease liabilities (including interest) of RM3.9 million.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

12. FINANCIAL INFORMATION *(cont'd)*

12.4.3 Borrowings

All of our borrowings are secured, interest-bearing and denominated in RM. Our total outstanding borrowings as at 30 April 2022 stood at RM50.7 million, details of which are set out below:

Type	Purpose	Tenure Year	Interest rate %	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
				RM'000	RM'000	RM'000	RM'000	RM'000
Bank overdrafts	Working capital	1	6.20 – 10.20	1,840	-	-	-	1,840
Term loans	Purchase of equipment	1 to 10	2.90 – 6.70	2,470	2,048	6,497	2,420	13,435
Bankers' acceptance	Working capital	1	3.10 – 6.90	26,681	-	-	-	26,681
Invoice financing	Working capital	1	4.99 – 5.00	511	-	-	-	511
Revolving financing	Working capital	1	5.50 – 7.70	4,423	-	-	-	4,423
Lease liabilities	Purchase of leasehold land and building, motor vehicles, equipment, and leased outlets and office	1 to 24	4.87 – 6.88	562	502	780	2,012	3,856
Total				36,487	2,550	7,277	4,432	50,746

Gearing ratio (times)

0.69

Our borrowings mainly consist of bankers' acceptance to finance our purchase of raw materials. We have not defaulted on payments on principal sums and/or interests in respect of any of our borrowings for the FYE 2019 to FYE 2022 and up to the LPD. As at the LPD, neither our Company nor any of our subsidiaries is in breach of any terms and conditions or covenants associated with the credit arrangements or bank borrowings which can materially affect our financial position and results or business operations or the investments by the holders of our Shares.

Our Promoter, Heng Chang Hooi and his father, Heng Cho Seng as well as Meng How Group and Meng How (M) (i.e. related companies of our Group prior to the Acquisitions) have provided guarantees for our Group's financing facilities. As at 4 August 2022, we have obtained consents from the respective financiers for the release of their guarantees in relation to our financing facilities, which is conditional upon amongst others, our Listing and/or our corporate guarantee in lieu of the existing guarantees. Until such release is obtained from the respective financiers, our Promoter and/or his father as well as Meng How Group and Meng How (M) shall continue to guarantee the abovementioned financing facilities. We expect to obtain the release of the said guarantees within 6 months after our Listing.

12. FINANCIAL INFORMATION (cont'd)**12.4.4 Financial instruments, treasury policies and objectives**

As at the LPD, save for our bank borrowings as disclosed in Section 12.4.3 of this Prospectus, we do not utilise any other financial instruments. We maintain a foreign currency bank account to receive proceeds of our sales and payments for our purchases denominated in USD.

Our main treasury policy is to maintain sufficient working capital to finance our operations, coupled with adequate credit facilities to meet estimated commitments arising from our operational expenditure and financial liabilities. Our combination of internal and external sources of funds include cash generated from operations and bank borrowings. The primary objective is to have sustainable shareholders' equity to ensure we have the ability to continue as a going-concern and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain the debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

12.5 Capitalisation and Indebtedness

The following table set out our Group's capitalisation and indebtedness as at 30 June 2022, and after taking into account our Public Issue and the utilisation of proceeds therefrom:

	Unaudited as at 30 June 2022	After our Public Issue and utilisation of proceeds
	RM'000	RM'000
Shareholders' equity	77,543	122,353
Indebtedness ⁽¹⁾		
Current	37,651	37,651
Non-current	13,762	13,762
Total indebtedness	51,413	51,413
Total capitalisation and indebtedness	128,956	173,766
Gearing ratio ⁽²⁾ (times)	0.66	0.42

Notes:

(1) All of our indebtedness are secured and guaranteed.

(2) Computed based on total indebtedness divided by shareholders' equity.

12. FINANCIAL INFORMATION (cont'd)**12.6 Material Investment and Divestitures**

Save as disclosed below, we do not have any other material investments and divestitures which were incurred in Malaysia for the FYE 2019 to FYE 2022 and up to the LPD:

	FYE 2019	FYE 2020	FYE 2021	FYE 2022	1 May 2022 and up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Investments					
Factory equipment and machinery ⁽¹⁾	4,762	-	-	213	-
Office and other equipment and fittings ⁽²⁾	2,005	693	199	-	-
Tools and renovations ⁽³⁾	167	353	776	-	-
Web development ⁽⁴⁾	-	-	130	-	-
Total	6,934	1,046	1,105	213	-
Divestitures					
Fish vessel ⁽⁵⁾	5,884	-	-	-	-

Notes:

- (1) For the purchase of equipment and machinery for the KIFPP processing facility in the FYE 2019 and FYE 2022.
- (2) Mainly for the purchase of:
 - (i) ICT devices, and freezer storage and packing equipment for our "MO Foodmart™" outlets in the FYE 2019; and
 - (ii) ICT devices, equipment and point of sale system for our new "MO Wholesale Centre" and "MO Foodmart" outlets in the FYE 2020 and FYE 2021.
- (3) For the cost of renovation, including mechanical and electrical works, for the KIFPP Processing Facility, our "MO Foodmart™" and "MO Wholesale Centre" outlets in the FYE 2019, FYE 2020 and FYE 2021.
- (4) For the development of the online marketplace "MO Signature" website which was launched in June 2020. This amount has been charged as expenses in the FYE 2021.
- (5) Disposal of a fishing vessel as part of our Group's strategy to cease our fishing activities and to focus on the processing and trading of frozen seafood products.

12. FINANCIAL INFORMATION *(cont'd)*

12.7 Material Capital Commitments

As at the LPD, there are no material capital commitments incurred or known to be incurred by us that have a material adverse impact on our results of operations or financial position.

12.8 Trend Information

Based on our track record for the FYE 2019 to FYE 2022, the following trends may continue to affect our business operations:

- (i) we generate more than 50% of our revenue from processing and trading of frozen seafood and we will continue to focus on this segment;
- (ii) we generate more than 10% of our revenue from sales to overseas customers since the FYE 2019, which has grown to more than 50% in the FYE 2022. We expect our export sales to grow at a faster pace as compared to our local sales and that this trend will continue moving forward. The margins for our export sales are dependent on the type of products and the countries we export to as well as global economic conditions; and
- (iii) the main component of our cost of sales are purchases of raw materials and we expect this trend to continue.

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

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, liquidity and capital resources, save as disclosed in this Section, and Sections 6, 7 and 9 of this Prospectus;
- (ii) material capital commitments;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save as disclosed in this Section and Section 9 of this Prospectus;
- (iv) known trends, demands, commitments, events or uncertainties that have resulted in a material impact on our Group's revenue, save as disclosed in this Section and Section 9 of this Prospectus; and
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save as disclosed in this Section, and Sections 6, 7 and 9 of this Prospectus.

Our Board is optimistic about the future prospects of our Group given our Group's competitive strengths as set out in Section 6.5 of this Prospectus as well as our commitment to implement our future plans and strategies as set out in Section 6.22 of this Prospectus.

12.9 Significant Changes

Save as disclosed in Sections 6.15, 9.1 and 12.3 of this Prospectus, no significant changes have occurred which may have a material effect on the financial position and results of our Group subsequent to the FYE 2022.

12.10 Order Book

As at the LPD, we do not have an order book as we generate our revenue as and when our products are delivered based on purchase orders received from customers.

12. FINANCIAL INFORMATION *(cont'd)*

12.11 Dividend Policy

It is our intention to declare and distribute a dividend of 20% of the PAT attributable to owners of our Company. Our ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Our Directors will take into consideration, amongst others, the following factors when declaring any dividends:

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

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

The dividends declared and paid for the FYE 2019 to FYE 2022 and up to the LPD are as follows:

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FYE 2022</u>	<u>1 May 2022 and up to the LPD</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Dividend paid/declared	-	5,500	-	-	-

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

13. ACCOUNTANTS' REPORT

PT RESOURCES HOLDINGS BERHAD
(Registration No.: 201901032139 (1341469-P))
(Incorporated in Malaysia)

ACCOUNTANTS' REPORT
FOR THE FINANCIAL YEARS ENDED
30 APRIL 2019, 2020, 2021 AND 2022

GRANT THORNTON MALAYSIA PLT

CHARTERED ACCOUNTANTS

Member Firm of Grant Thornton International Ltd.

13. ACCOUNTANTS' REPORT (cont'd)



Date: 1 August 2022

The Board of Directors
 PT Resources Holdings Berhad
 Tower K03-5-12, UOA Business Park
 Jalan Pengatucara U1/51A
 Seksyen U1
 40150 Shah Alam
 Selangor Darul Ehsan

Grant Thornton Malaysia PLT
 Level 11, Sheraton Imperial Court
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Malaysia

T +603 2692 4022
 F +603 2691 5229

Dear Sirs,

Reporting Accountants' Opinion on The Financial Statements Contained In The Accountants' Report of PT Resources Holdings Berhad ("Company" or "PT Resources")

Opinion

We have audited the financial statements of PT Resources Holdings Berhad and its subsidiaries (collectively known as "Group" or "PT Resources Group") which comprises the statements of financial position of the Group as at 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022, the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the financial years ended 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022 and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 71.

In our opinion, the accompanying financial statements give a true and fair view of the statements of financial position of the Group as at 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022, and of its financial performance and its cash flows for the financial years ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

13. ACCOUNTANTS' REPORT (cont'd)*Responsibilities of the Directors for the Financial Statements*

The Directors of the Company ("Directors") are responsible for the preparation of the financial statements of the Group that give a true and fair view in accordance with the Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group that are free from material misstatement, whether due to fraud or error.

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

Reporting Accountants' Responsibilities for the Audit of the Financial Statements

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

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

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

13. ACCOUNTANTS' REPORT (cont'd)



Reporting Accountants' Responsibilities for the Audit of the Financial Statements (cont'd)

We also (cont'd):-

- Evaluate the overall presentation, structure and content of the financial statements of the Group, including the disclosures, and whether the financial statements of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Other Matters

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of PT Resources in connection with the listing of and quotation for the entire enlarged issued share capital of PT Resources on the ACE Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

LUI LEE PING
(NO: 03334/11/2023(J))
CHARTERED ACCOUNTANT

13. ACCOUNTANTS' REPORT (cont'd)**PT RESOURCES HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Registration No: 201901032139 (1341469-P))**STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022**

	Note	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	23,577,079	22,911,271	22,115,926	20,481,741
Right-of-use assets	5	5,809,824	5,629,526	6,207,960	6,522,478
Fixed deposits with licensed banks	6	6,221,028	9,201,579	10,518,250	9,859,422
Total non-current assets		35,607,931	37,742,376	38,842,136	36,863,641
Current assets					
Inventories	7	5,733,209	5,078,280	8,161,463	11,623,366
Trade receivables	8	31,766,562	39,745,581	39,136,441	43,145,972
Other receivables	9	11,357,229	1,402,266	1,305,957	1,167,305
Tax recoverable		646,125	361,315	15,937	330,616
Fixed deposits with licensed banks	6	-	-	-	1,000
Cash and bank balances		2,680,994	10,082,084	30,457,872	45,525,551
Total current assets		52,184,119	56,669,526	79,077,670	101,793,810
TOTAL ASSETS		87,792,050	94,411,902	117,919,806	138,657,451
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	10	6,500,002	6,501,002	20,001,000	20,001,000
Merger deficit	11	-	-	(13,400,000)	(13,400,000)
Retained earnings		22,836,111	29,562,226	45,618,414	66,729,736
Total equity		29,336,113	36,063,228	52,219,414	73,330,736
LIABILITIES					
Non-current liabilities					
Borrowings	12	15,107,772	13,046,487	13,077,758	10,965,260
Lease liabilities	13	3,252,807	3,034,444	2,997,560	3,294,421
Provision for restoration costs	14	430,219	515,008	1,208,373	1,336,074
Deferred tax liabilities	15	228,000	268,000	264,000	272,000
Total non-current liabilities		19,018,798	16,863,939	17,547,691	15,867,755

13. ACCOUNTANTS' REPORT (cont'd)

PT RESOURCES HOLDINGS BERHAD

(Incorporated in Malaysia)

(Registration No: 201901032139 (1341469-P))

STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022 (CONT'D)

	<u>Note</u>	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES (CONT'D)					
Current liabilities					
Trade payables	16	5,913,917	5,720,935	1,611,160	3,686,941
Other payables	17	3,358,150	3,016,925	2,856,695	9,276,222
Provision for restoration costs	14	43,500	-	15,000	-
Contract liabilities	18	34,625	75,451	120,440	-
Amount due to Directors	19	4,665,405	-	-	-
Borrowings	12	24,744,678	31,973,643	42,311,129	35,924,924
Lease liabilities	13	620,948	687,986	652,282	562,096
Tax payable		55,916	9,795	585,995	8,777
		<u>39,437,139</u>	<u>41,484,735</u>	<u>48,152,701</u>	<u>49,458,960</u>
Total current liabilities					
		<u>58,455,937</u>	<u>58,348,674</u>	<u>65,700,392</u>	<u>65,326,715</u>
Total liabilities					
TOTAL EQUITY AND LIABILITIES		<u>87,792,050</u>	<u>94,411,902</u>	<u>117,919,806</u>	<u>138,657,451</u>

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

13. ACCOUNTANTS' REPORT (cont'd)**PT RESOURCES HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 201901032139 (1341469-P))**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022**

	<u>Note</u>	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Revenue	20	116,396,517	161,309,917	186,446,823	349,143,996
Cost of sales		<u>(90,616,125)</u>	<u>(136,247,157)</u>	<u>(157,717,049)</u>	<u>(310,529,989)</u>
Gross profit		25,780,392	25,062,760	28,729,774	38,614,007
Other income		397,904	348,921	495,019	3,084,252
Administration expenses		(7,999,111)	(9,399,933)	(9,544,430)	(18,206,096)
Impairment (loss)/gain of financial assets, net		<u>-</u>	<u>(759,084)</u>	<u>430,459</u>	<u>245,903</u>
Profit from operations		18,179,185	15,252,664	20,110,822	23,738,066
Finance income		339,023	156,316	252,110	217,906
Finance costs		<u>(2,218,594)</u>	<u>(2,657,046)</u>	<u>(2,993,970)</u>	<u>(2,661,208)</u>
Profit before tax	21	16,299,614	12,751,934	17,368,962	21,294,764
Tax expense	22	<u>(1,069,504)</u>	<u>(525,819)</u>	<u>(1,312,774)</u>	<u>(183,442)</u>
Profit/Total comprehensive income for the financial year		<u>15,230,110</u>	<u>12,226,115</u>	<u>16,056,188</u>	<u>21,111,322</u>

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

13. ACCOUNTANTS' REPORT (cont'd)

PT RESOURCES HOLDINGS BERHAD
(Incorporated in Malaysia)
(Registration No.: 201901032139 (1341469-P))

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022

	← Non-distributable →		Distributable	
	Share <u>capital</u> RM	Merger <u>deficit</u> RM	Retained <u>earnings</u> RM	<u>Total</u> RM
Balance as of 1 May 2018	6,500,002	-	7,606,001	14,106,003
Total comprehensive income for the financial year	-	-	15,230,110	15,230,110
Balance as of 30 April 2019	6,500,002	-	22,836,111	29,336,113
Transactions with owners:-				
Issuance of shares	1,000	-	-	1,000
First interim single tier dividend of RM1.22 per ordinary share, paid on 15 April 2020	-	-	(5,500,000)	(5,500,000)
Total transactions with owners	1,000	-	(5,500,000)	(5,499,000)
Total comprehensive income for the financial year	-	-	12,226,115	12,226,115
Balance as of 30 April 2020	6,501,002	-	29,562,226	36,063,228
Transactions with owners:-				
Issuance of shares	99,998	-	-	99,998
Acquisition of subsidiaries	(6,600,000)	6,600,000	-	-
Issuance of shares to acquire subsidiaries	20,000,000	(20,000,000)	-	-
Total transactions with owners	13,499,998	(13,400,000)	-	99,998
Total comprehensive income for the financial year	-	-	16,056,188	16,056,188
Balance as of 30 April 2021	20,001,000	(13,400,000)	45,618,414	52,219,414
Total comprehensive income for the financial year	-	-	21,111,322	21,111,322
Balance as of 30 April 2022	<u>20,001,000</u>	<u>(13,400,000)</u>	<u>66,729,736</u>	<u>73,330,736</u>

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

13. ACCOUNTANTS' REPORT (cont'd)

PT RESOURCES HOLDINGS BERHAD
(Incorporated in Malaysia)
(Registration No.: 201901032139 (1341469-P))

**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019,
30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022**

	Note	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
OPERATING ACTIVITIES					
Profit before tax		16,299,614	12,751,934	17,368,962	21,294,764
Adjustments for:-					
Bad debts written off		198,377	-	-	38,893
Depreciation of property, plant and equipment		1,602,345	1,760,712	1,849,796	1,873,653
Depreciation of right-of-use assets		754,690	714,551	707,093	815,974
Gain on early termination on leases		-	(1,919)	(24,639)	(22,264)
Loss on disposal of right-of-use assets		-	-	-	30,333
Impairment loss/(gain) of financial assets, net		-	759,084	(430,459)	(245,903)
Interest expenses		2,218,594	2,657,046	2,993,970	2,661,208
Interest income		(339,023)	(156,316)	(252,110)	(217,906)
Property, plant and equipment written off		3,964	-	54,756	-
Reversal of provision for restoration costs		-	(15,000)	(28,500)	-
Rent concessions		-	-	(51,767)	(75,808)
Unrealised gain on foreign exchange		-	(193,788)	(42,902)	(142,809)
Operating profit before working capital changes		20,738,561	18,276,304	22,144,200	26,010,135
Changes in working capital:-					
Inventories		5,612,781	654,929	(3,083,183)	(3,461,903)
Receivables		(24,909,857)	1,216,860	1,372,598	(3,516,717)
Contract liabilities		34,625	40,826	44,989	(120,440)
Payables		(2,653,686)	(534,207)	(4,268,989)	8,495,308
Bankers' acceptance		10,761,964	(148,571)	9,986,113	(3,703,381)
Invoice financing		(1,473)	(2,264)	(25,044)	(8,153)
Revolving financing		-	5,173,313	(500,616)	(249,490)
Cash generated from operations		9,582,915	24,677,190	25,670,068	23,445,359
Interest paid		(995,035)	(1,468,845)	(1,717,301)	(1,610,027)
Tax paid		(670,779)	(247,130)	(395,196)	(1,067,339)
Net cash from operating activities		7,917,101	22,961,215	23,557,571	20,767,993

13. ACCOUNTANTS' REPORT (cont'd)**PT RESOURCES HOLDINGS BERHAD**

(Incorporated in Malaysia)

(Registration No.: 201901032139 (1341469-P))**STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022 (CONT'D)**

	Note	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
INVESTING ACTIVITIES					
Interest received		-	-	-	302
Purchase of property, plant and equipment	A	(6,930,139)	(1,094,904)	(543,398)	(239,468)
Purchase of right-of-use assets	B	-	-	(94,500)	(160,606)
Proceeds from disposal of right-of-use assets		-	-	-	6,500
Net cash used in investing activities		<u>(6,930,139)</u>	<u>(1,094,904)</u>	<u>(637,898)</u>	<u>(393,272)</u>
FINANCING ACTIVITIES					
Interest paid		(1,165,176)	(1,131,912)	(1,105,613)	(938,480)
Interest received		339,023	156,316	252,110	217,604
Dividend paid		-	(5,500,000)	-	-
Drawdown of term loans		2,242,275	-	1,000,000	-
Repayment of term loans		(613,519)	(1,742,028)	(1,083,432)	(2,285,842)
Repayment of lease liabilities		(647,038)	(683,659)	(652,725)	(701,972)
Advances from/(Repayment to) Directors		990,065	(4,665,405)	-	-
Placement of fixed deposits pledged		(1,043,540)	(2,980,551)	(1,316,671)	(1,717,506)
Withdrawal of fixed deposit pledged		-	-	-	2,376,334
Proceeds from issuance of shares		-	1,000	99,998	-
Net cash from/(used in) financing activities		<u>102,090</u>	<u>(16,546,239)</u>	<u>(2,806,333)</u>	<u>(3,049,862)</u>
CASH AND CASH EQUIVALENTS					
Net changes		1,089,052	5,320,072	20,113,340	17,324,859
Brought forward		(156,278)	932,774	6,446,634	26,366,186
Effect of foreign exchange difference		-	193,788	(193,788)	(4,343)
Carried forward	C	<u>932,774</u>	<u>6,446,634</u>	<u>26,366,186</u>	<u>43,686,702</u>

13. ACCOUNTANTS' REPORT (cont'd)

PT RESOURCES HOLDINGS BERHAD

(Incorporated in Malaysia)

(Registration No.: 201901032139 (1341469-P))

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEARS ENDED 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022 (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Total purchase	6,958,639	1,094,904	1,109,207	239,468
Less: Provision for restoration costs capitalised	<u>(28,500)</u>	<u>-</u>	<u>(565,809)</u>	<u>-</u>
Cash payment	<u>6,930,139</u>	<u>1,094,904</u>	<u>543,398</u>	<u>239,468</u>

B. PURCHASE OF RIGHT-OF-USE ASSETS

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Total purchase	195,347	547,058	1,454,396	1,262,033
Less: Acquisition by way of lease liabilities	<u>(195,347)</u>	<u>(547,058)</u>	<u>(824,396)</u>	<u>(1,101,427)</u>
Less: Acquisition by way of term loan	<u>-</u>	<u>-</u>	<u>(535,500)</u>	<u>-</u>
Cash payment	<u>-</u>	<u>-</u>	<u>94,500</u>	<u>160,606</u>

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Fixed deposits with licensed banks	6,221,028	9,201,579	10,518,250	9,860,422
Cash and bank balances	2,680,994	10,082,084	30,457,872	45,525,551
Bank overdrafts	<u>(1,748,220)</u>	<u>(3,635,450)</u>	<u>(4,091,686)</u>	<u>(1,839,849)</u>
	7,153,802	15,648,213	36,884,436	53,546,124
Less: Fixed deposits pledged	<u>(6,221,028)</u>	<u>(9,201,579)</u>	<u>(10,518,250)</u>	<u>(9,859,422)</u>
Cash payment	<u>932,774</u>	<u>6,446,634</u>	<u>26,366,186</u>	<u>43,686,702</u>

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

13. ACCOUNTANTS' REPORT (cont'd)**PT RESOURCES HOLDINGS BERHAD**

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS – 30 APRIL 2019, 30 APRIL 2020, 30 APRIL 2021 AND 30 APRIL 2022**1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the prospectus of PT Resources Holdings Berhad (“PT Resources”) in connection with the listing of and quotation for the entire enlarged issued share capital of PT Resources on the ACE Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) (hereinafter defined as “the Listing”) and should not be relied upon for any other purposes.

1.2 Background

The Company was incorporated on 6 September 2019 as a private limited liability company and domiciled in Malaysia. The registered office of the Company is located at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan. The management office and principal place of business of PT Resources are both located at Tower K03-5-12, UOA Business Park, Jalan Pengerang U1/51A, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan. On 21 September 2020, the Company was converted into a public limited liability company and assumed its current name of PT Resources Holdings Berhad.

1.3 Principal Activities

The Company is principally involved in investment holding and provision of management services.

The subsidiaries of PT Resources as of the date of this report are as follows:-

Name of company	Effective ownership	Principal activities	Date of incorporation	Country of incorporation
<u>Subsidiaries</u>				
MHC Coldstorage Sdn. Bhd. (“MHC”)	100%	^	16 July 2012	Malaysia
MO Foodmart Sdn. Bhd. (“MO”)	100%	*	16 February 2012	Malaysia
HGMC Holding Sdn. Bhd. (“HGMC”)	100%	*	7 January 2015	Malaysia

^ The principal activities are processing and trading of frozen seafood products.

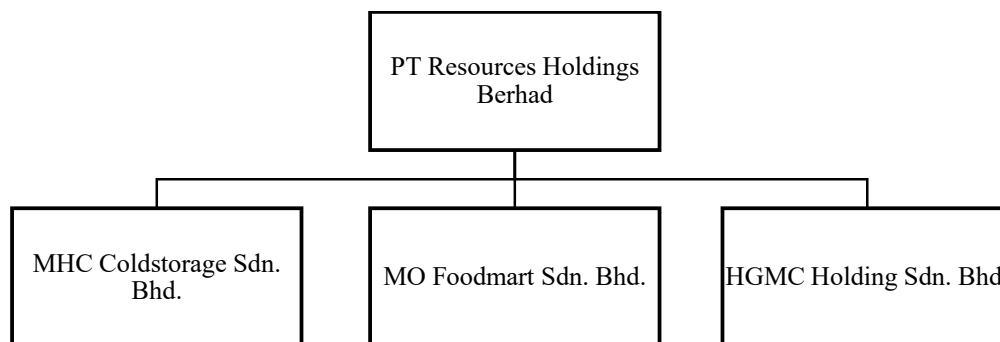
* The principal activities are trading of frozen seafood and other products.

There was no significant change in the nature of the principal activities of PT Resources and its subsidiaries (“Group”) during the financial years ended 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022 under audit of this report.

13. ACCOUNTANTS' REPORT (cont'd)**1. GENERAL INFORMATION (CONT'D)****1.4 The Acquisition/Pre-IPO Internal Reorganisation**

The shares swap and restructuring agreement was entered into on 6 August 2020 for the acquisition by PT Resources of the entire issued share capital of subsidiaries for a total consideration of RM20,000,000, which was fully satisfied by the issuance of 400,000,000 new ordinary shares in PT Resources on 22 December 2020.

Following the completion of the acquisition by PT Resources, the group structure is as follows:-

**1.5 Auditors**

The relevant financial years of the audited financial statements used for the purpose of preparation of this report ("Relevant Financial Years/Period") and the auditors are as follows:-

Company	Relevant Financial Years/Period	Auditors
PT Resources Holdings Berhad	Financial period from 6 September 2019 (Date of incorporation) to 30 April 2020 FYE 30 April 2021 FYE 30 April 2022	Grant Thornton Malaysia PLT
MHC Coldstorage Sdn. Bhd.	FYE 30 April 2019 FYE 30 April 2020 FYE 30 April 2021 FYE 30 April 2022	Grant Thornton Malaysia PLT
MO Foodmart Sdn. Bhd.	FYE 30 April 2019 FYE 30 April 2020 FYE 30 April 2021 FYE 30 April 2022	Grant Thornton Malaysia PLT
HGMC Holding Sdn. Bhd.	FYE 30 April 2019 FYE 30 April 2020 FYE 30 April 2021 FYE 30 April 2022	Grant Thornton Malaysia PLT

The audited financial statements of all companies within the Group for the Relevant Financial Years/Period reported above were not subject to any audit qualification or modification.

13. ACCOUNTANTS' REPORT (cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS****2.1 Statement of Compliance and Basis of Preparation**

The financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") based on the Guidance Note on 'Financial Statements' issued by the Malaysian Institute of Accountants in relation to the Listing.

The financial statements consist of the financial information of the companies as disclosed in Note 1.5 to this report which were under common control throughout the reporting years by virtue of common controlling shareholders.

2.2 Basis of Measurement

The financial statements of the Group are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting year.

13. ACCOUNTANTS' REPORT (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Basis of Measurement (cont'd)

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group has consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of current financial year, the Group adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2021.

The initial application of the new standards/amendments/improvements to the standards did not have a material impact on the financial statements.

2.4.2 Standards Issued But Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to MFRSs effective for financial period beginning on or after 1 January 2022:-

Amendments to MFRS 3	Business combinations: Reference to the conceptual framework
Amendments to MFRS 116	Property, plant and equipment: Proceeds before intended use
Amendments to MFRS 137	Provisions, contingent liabilities and contingent assets: Onerous contracts – Cost of fulfilling a contract
Annual improvements to MFRS standards 2018 – 2020 (MFRS 1*, 9 and 141*)	

MFRSs and Amendments to MFRSs effective for financial period beginning on or after 1 January 2023:-

MFRS 17*	Insurance contracts
Amendments to MFRS 4*	Insurance contracts: Extension of the temporary exemption from applying MFRS 9
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 – Comparative information
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies

13. ACCOUNTANTS' REPORT (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.2 Standards Issued But Not Yet Effective (cont'd)

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective (cont'd).

MFRSs and Amendments to MFRSs effective for financial period beginning on or after 1 January 2023 (cont'd):-

Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

Amendments to MFRSs – Effective date deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128*	Consolidated financial statements and investments in associate and joint ventures – Sale or contribution of assets between an investor and its associate or joint venture
-------------------------------------	---

* Not applicable to the Group.

The initial application of the above standards, amendments and interpretations are not expected to have material financial impact to the financial statements.

2.5 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions 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. The actual results may differ from the judgements, estimates and assumptions made by the management, and will seldom equal the estimated results.

2.5.1 Key Sources of Estimation Uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful Lives of Depreciable Assets

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subjected to technological development and level of usage. Therefore, residual values of these assets and future depreciation charges may vary.

13. ACCOUNTANTS' REPORT (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements (cont'd)****2.5.1 Key Sources of Estimation Uncertainty (cont'd)**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd).

Impairment of Non-financial Assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, the management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, the management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Provision for Restoration Costs

The Group has an obligation to dismantle, remove and restore the leased land and leased outlets to its original state and condition upon the expiry or termination of the lease agreement. The liabilities for dismantling, removal and restoration costs are recognised at present value of the compounded future expenditure estimated using existing technology, at current prices and discounted using a real discount rate. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision. While the provision is based on the best estimate of future costs and the economic lives of the affected assets, there is uncertainty regarding both the amount and timing of incurring these costs. All the estimates are reviewed on an annual basis or more frequently, where there is indication of a material change.

Provision for Expected Credit Losses of Trade Receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on the repayment pattern of the customers, customers type and coverage by letters of credit.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

13. ACCOUNTANTS' REPORT (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant Accounting Estimates and Judgements (cont'd)****2.5.1 Key Sources of Estimation Uncertainty (cont'd)**

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd).

Inventories

The management reviews inventories to identify damaged, obsolete and slow-moving inventories which require judgement and changes in such estimates could result in revision to valuation of inventories.

Income Taxes/Deferred Tax Liabilities

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Estimating Stand-alone Selling Price – Loyalty Points Programme

The Group estimates the stand-alone selling price of the loyalty points awarded under the points programme. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly. In estimating the value of the points issued, the Group considers the mix of products that will be available in the future in exchange for loyalty points and customers' preferences. The Group ensures that the value assigned to the loyalty points is commensurate to the stand-alone selling price of the products eligible for redemption (i.e., the value of each point is equivalent to the stand-alone selling price of any products eligible for redemption divided by number of points required).

As points issued under the programme do not expire, estimates of the stand-alone selling price are subject to significant uncertainty. Any significant changes in customers' redemption patterns will impact the estimated redemption rate.

2.5.2 Judgements Made in Applying Accounting Policies

The following is the significant management judgement in applying accounting policies that have most significant effect on the financial statements.

Leases

In applying MFRS 16, the management uses judgement in determining the rate to discount the lease payments and assess whether a right-of-use assets is impaired. Besides, the Group estimates the lease term and reassess whether it is reasonably certain to exercise and extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES

The Group applies the significant accounting policies as summarised below, consistently throughout all years presented in the financial statements, unless otherwise stated.

3.1 Consolidation**3.1.1 Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company 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. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in a subsidiary is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

3.1.2 Basis of Consolidation

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, 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 interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger Method

A business combination involving entities under common control is a business combination in which the Group or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of MHC Coldstorage Sdn. Bhd., MO Foodmart Sdn. Bhd. and HGMC Holding Sdn. Bhd. resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the Group in the financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effect throughout the current year. The consolidated assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.1 Consolidation (cont'd)****3.1.3 Loss of Control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

3.1.4 Non-controlling Interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.1.5 Eliminations on Consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

3.2 Property, Plant and Equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land is not depreciated. Completed buildings on the freehold land are depreciated at 2% per annum on a straight-line basis.

13. ACCOUNTANTS' REPORT (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.2 Property, Plant and Equipment (cont'd)**

Depreciation is recognised on the straight-line method in order to write off the cost of each asset over its estimated useful life. All property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Motor vehicles and fishing vessel	10% – 20%
Factory equipment and machinery	5% – 10%
Office and other equipment and fittings	10% – 40%
Tools and renovations	10% – 20%

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial years in which the asset is derecognised.

Restoration cost relating to an item of property, plant and equipment is capitalised only if such expenditure is expected to increase the future benefits from the existing property, plant and equipment beyond its previously assessed standard of performance. The capitalised cost is depreciated over the expected life of the asset.

Property, plant and equipment are written down to recoverable amount if, in the opinion of the Directors, it is less than their carrying value. Recoverable amount is the net selling price of the property, plant and equipment i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

3.3 Inventories

Inventories, comprising raw materials, finished goods and trading goods, are stated at lower of cost and net realisable value after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined using first-in-first-out method and finished goods include direct materials, direct labour and an approximate proportion of manufacturing overheads.

Cost of trading goods are determined using first-in-first-out method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

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

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments****3.4.1 Financial Assets****Initial Recognition and Measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss.

The Group only carries financial assets at amortised cost on the statements of financial position.

13. ACCOUNTANTS' REPORT (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)****Subsequent Measurement (cont'd)***Financial Assets at Amortised Cost*

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets measured at amortised cost include trade and most of other receivables, fixed deposits with licensed banks and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.1 Financial Assets (cont'd)****Impairment (cont'd)**

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Other receivables which are in default or credit impaired are assessed individually.

3.4.2 Financial Liabilities**Initial Recognition and Measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

The Group only has financial liabilities at amortised cost on the statements of financial position.

Financial Liabilities at Amortised Cost

After initial recognition, other payables and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss. The Group's financial liabilities measured at amortised costs include trade and other payables, amount due to Directors and borrowings.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.4 Financial Instruments (cont'd)****3.4.2 Financial Liabilities (cont'd)****Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

3.4.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.5 Impairment of Non-financial Assets

The Group assesses at each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss has been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

13. ACCOUNTANTS' REPORT *(cont'd)*

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank balances, fixed deposits with licensed banks and bank overdrafts which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statements of financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current asset.

For the purpose of presentation in the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.7 Contract Liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

3.8 Equity, Reserve and Distribution to Owners

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

Retained earnings include all current and prior years retained earnings.

Interim dividends are simultaneously proposed and declared, because the articles of association of the Group grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholder's equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as a dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Group reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Group settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Group are recorded separately within equity.

13. ACCOUNTANTS' REPORT (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated based on the estimated useful life of the assets as follows:-

Leasehold land	2% - 3%
Leasehold land and building	Over the remaining lease term of 96 years
Motor vehicles	20%
Shop equipment	10%
Leased outlets and office	Over the lease term of 2 to 9 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.5 to the financial statements.

Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

13. ACCOUNTANTS' REPORT (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****3.9 Leases (cont'd)****As a Lessee (cont'd)**Lease Liabilities (cont'd)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

COVID-19 - Related Rent Concessions

The amendments to MFRS 16 provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether the COVID-19 - related rent concessions from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from COVID-19 - related rent concessions the same way it would account for the change under MFRS 16, if the change were not a lease modification.

During the financial year, the Group elects to account for a COVID-19 - related rent concessions that meets all of the following conditions in the same way as they would if they were not lease modification:-

- 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;
- any reduction in lease payments affects only payments due on or before 30 June 2022; and
- there is no substantive change to other terms and conditions of the lease.

The Group accounts for such COVID-19 - related rent concessions in which the event or condition that triggers the reduced payment occurs. The Group presents the impacts of rent concessions within other income.

Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its short-term leases of staff quarters, cold room, machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of forklift, equipment and software that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.9 Leases (cont'd)****As a Lessor**

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

If the Group transfers substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

3.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.11.1 Provision for Restoration Costs

A provision for restoration is recognised when there is a present obligation as a result of production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing the facilities and restoring the affected areas.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.12 Contingencies****3.12.1 Contingent Liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.12.2 Contingent Assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.13 Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.14 Employee Benefits**3.14.1 Short-term Employee Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial period, in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.14 Employee Benefits (cont'd)****3.14.2 Defined Contribution Plan**

Defined contribution plan is post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3.15 Revenue Recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product to the customer. An asset is transferred when the customer obtains control of the asset.

The control of the promised goods may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods is transferred over time and revenue is recognised over time if:-

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3.15.1 Sale of Goods

Revenue relating to sale of goods is recognised net of sales returns and discount upon the transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.15.2 Loyalty Points Programme

The Group has a loyalty points programme, points which allows customers to accumulate points that can be redeemed for vouchers to purchase goods from the Group. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability. Revenue is recognised upon redemption of products by using the vouchers.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.15 Revenue Recognition (cont'd)****3.15.3 Other Revenue Recognition****Rental Income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest Income

Interest income is recognised in the profit or loss on time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

3.16 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3.16.1 Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous year.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.16.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.16 Tax Expense (cont'd)****3.16.2 Deferred Tax (cont'd)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unabsorbed business losses, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

3.17 Indirect Tax

Goods and Services Tax ("GST") is a consumption tax based on value-added concept. GST is imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services, at the applicable tax rate of 6%. Input GST that the Group paid on purchases of business inputs can be deducted from output GST.

Revenue, expenses, assets and liabilities are recognised net of the amount of GST except:-

- (i) where the GST incurred in a purchase of assets or services is not recoverable from the authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The Malaysian Government has zero rated the GST effective from 1 June 2018. This means the GST rate on the supplier of goods or services or on the importation of goods has been revised from 6% to 0%.

The GST has been replaced with Sales and Services Tax ("SST") effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10%, while the rate for services tax is fixed at 6%. The Group is exempted from SST registration.

13. ACCOUNTANTS' REPORT (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**3.18 Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the reporting entity 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.
- (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.
 - (ii) The entity is an associate or joint venture of the Group.
 - (iii) Both the Group and the entity are joint ventures of the same third party.
 - (iv) The Group are a joint venture of a third entity and the other entity is an associate of the same third entity.
 - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group.

3.19 Operating Segments

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

13. ACCOUNTANTS' REPORT (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	<u>Freehold land</u> RM	<u>Buildings</u> RM	<u>Motor vehicles and fishing vessel</u> RM	<u>Factory equipment and machinery</u> RM	<u>Office and other equipment and fittings</u> RM	<u>Tools and renovations</u> RM	<u>Total</u> RM
Cost							
At 1 May 2018	1,347,648	760,000	5,909,073	14,685,757	1,551,128	1,893,676	26,147,282
Additions	-	-	24,600	4,762,058	2,004,656	167,325	6,958,639
Reclassified from right-of-use assets	-	-	-	-	328,620	-	328,620
Disposal	-	-	(5,884,073)	-	-	-	(5,884,073)
Written off	-	-	-	-	(3,964)	-	(3,964)
At 30 April 2019	1,347,648	760,000	49,600	19,447,815	3,880,440	2,061,001	27,546,504
Additions	-	-	-	48,255	693,235	353,414	1,094,904
Reclassified from right-of-use assets	-	-	175,799	-	-	-	175,799
Reversal of provision for restoration costs	-	-	-	-	-	(15,000)	(15,000)
At 30 April 2020	1,347,648	760,000	225,399	19,496,070	4,573,675	2,399,415	28,802,207
Additions	-	-	-	4,402	328,930	775,875	1,109,207
Written off	-	-	(25,000)	(77,205)	(74,720)	(31,421)	(208,346)
Reversal of provision for restoration costs	-	-	-	-	-	(28,500)	(28,500)
At 30 April 2021	1,347,648	760,000	200,399	19,423,267	4,827,885	3,115,369	29,674,568
Additions	-	-	-	213,282	19,910	6,276	239,468
Reclassified from right-of-use assets	-	-	490,390	-	-	-	490,390
At 30 April 2022	1,347,648	760,000	690,789	19,636,549	4,847,795	3,121,645	30,404,426

13. ACCOUNTANTS' REPORT (cont'd)
4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	<u>Freehold land</u> RM	<u>Buildings</u> RM	<u>Motor vehicles and fishing vessel</u> RM	<u>Factory equipment and machinery</u> RM	<u>Office and other equipment and fittings</u> RM	<u>Tools and renovations</u> RM	<u>Total</u> RM
Accumulated depreciation							
At 1 May 2018	-	32,933	9,583	1,449,834	482,867	254,204	2,229,421
Charge for the financial year	-	15,200	10,260	1,087,586	278,720	210,579	1,602,345
Reclassified from right-of-use assets	-	-	-	-	137,659	-	137,659
At 30 April 2019	-	48,133	19,843	2,537,420	899,246	464,783	3,969,425
Charge for the financial year	-	15,200	10,580	1,092,738	421,825	220,369	1,760,712
Reclassified from right-of-use assets	-	-	175,799	-	-	-	175,799
Reversal of provision for restoration costs	-	-	-	-	-	(15,000)	(15,000)
At 30 April 2020	-	63,333	206,222	3,630,158	1,321,071	670,152	5,890,936
Charge for the financial year	-	15,200	9,087	1,091,654	487,886	245,969	1,849,796
Written off	-	-	(23,750)	(53,683)	(60,494)	(15,663)	(153,590)
Reversal of provision for restoration costs	-	-	-	-	-	(28,500)	(28,500)
At 30 April 2021	-	78,533	191,559	4,668,129	1,748,463	871,958	7,558,642
Charge for the financial year	-	15,200	4,920	1,097,878	492,349	263,306	1,873,653
Reclassified from right-of-use assets	-	-	490,390	-	-	-	490,390
At 30 April 2022	-	93,733	686,869	5,766,007	2,240,812	1,135,264	9,922,685
Net carrying amount							
At 30 April 2019	1,347,648	711,867	29,757	16,910,395	2,981,194	1,596,218	23,577,079
At 30 April 2020	1,347,648	696,667	19,177	15,865,912	3,252,604	1,729,263	22,911,271
At 30 April 2021	1,347,648	681,467	8,840	14,755,138	3,079,422	2,243,411	22,115,926
At 30 April 2022	1,347,648	666,267	3,920	13,870,542	2,606,983	1,986,381	20,481,741

Included in the renovation of RM743,442 (30.4.2021: RM770,798, 30.4.2020: RM223,725 and 30.4.2019: RM243,621) is the provision for restoration costs based on the estimated cost to restore the leased land and leased outlets at the end of their respective lease term.

The freehold land and buildings are pledged as security for banking facilities granted to the Group as disclosed in Note 12 to the financial statements.

13. ACCOUNTANTS' REPORT (cont'd)

5. RIGHT-OF-USE ASSETS

	Leasehold <u>land</u> RM	Leasehold <u>land and building</u> RM	Motor <u>vehicles</u> RM	Shop <u>equipment</u> RM	Leased <u>outlets and office</u> RM	<u>Total</u> RM
Cost						
At 1 May 2018	4,793,956	-	1,000,239	328,620	2,619,709	8,742,524
Additions	-	-	130,000	-	65,347	195,347
Reclassified to property, plant and equipment	-	-	-	(328,620)	-	(328,620)
Expiration of lease contracts	-	-	-	-	(150,298)	(150,298)
At 30 April 2019	4,793,956	-	1,130,239	-	2,534,758	8,458,953
Additions	-	-	86,485	-	460,573	547,058
Reclassified to property, plant and equipment	-	-	(175,799)	-	-	(175,799)
Early termination of lease contracts	-	-	-	-	(128,063)	(128,063)
Expiration of lease contracts	-	-	-	-	(208,838)	(208,838)
At 30 April 2020	4,793,956	-	1,040,925	-	2,658,430	8,493,311
Additions	-	630,000	247,933	-	576,463	1,454,396
Early termination of lease contracts	-	-	-	-	(621,593)	(621,593)
Expiration of lease contracts	-	-	-	-	(536,841)	(536,841)
At 30 April 2021	4,793,956	630,000	1,288,858	-	2,076,459	8,789,273
Additions	-	-	1,134,606	-	127,427	1,262,033
Disposal	-	-	(130,000)	-	-	(130,000)
Reclassified to property, plant and equipment	-	-	(490,390)	-	-	(490,390)
Early termination of lease contracts	-	-	-	-	(284,125)	(284,125)
Expiration of lease contracts	-	-	-	-	(133,837)	(133,837)
At 30 April 2022	4,793,956	630,000	1,803,074	-	1,785,924	9,012,954
Accumulated depreciation						
At 1 May 2018	304,066	-	646,758	105,512	1,126,060	2,182,396
Charge for the financial year	121,350	-	179,692	32,147	421,501	754,690
Reclassified to property, plant and equipment	-	-	-	(137,659)	-	(137,659)
Expiration of lease contracts	-	-	-	-	(150,298)	(150,298)
At 30 April 2019	425,416	-	826,450	-	1,397,263	2,649,129

13. ACCOUNTANTS' REPORT (cont'd)**5. RIGHT-OF-USE ASSETS (CONT'D)**

	<u>Leasehold land</u> RM	<u>Leasehold land and building</u> RM	<u>Motor vehicles</u> RM	<u>Shop equipment</u> RM	<u>Leased outlets and office</u> RM	<u>Total</u> RM
Accumulated depreciation (cont'd)						
Charge for the financial year	121,350	-	146,583	-	446,618	714,551
Reclassified to property, plant and equipment	-	-	(175,799)	-	-	(175,799)
Early termination of lease contracts	-	-	-	-	(115,258)	(115,258)
Expiration of lease contracts	-	-	-	-	(208,838)	(208,838)
At 30 April 2020	546,7667	-	797,234	-	1,519,785	2,863,785
Early termination of lease contracts	-	-	-	-	(452,724)	(452,724)
Expiration of lease contracts	-	-	-	-	(536,841)	(536,841)
At 30 April 2021	668,116	-	926,625	-	986,572	2,581,313
Charge for the financial year	121,351	-	288,644	-	405,979	815,974
Disposal	-	-	(93,167)	-	-	(93,167)
Reclassified to property, plant and equipment	-	-	(490,390)	-	-	(490,390)
Early termination of lease contracts	-	-	-	-	(189,417)	(189,417)
Expiration of lease contracts	-	-	-	-	(133,837)	(133,837)
At 30 April 2022	789,467	-	631,712	-	1,069,297	2,490,476
Net carrying amount						
At 30 April 2019	4,368,540	-	303,789	-	1,137,495	5,809,824
At 30 April 2020	4,247,190	-	243,691	-	1,138,645	5,629,526
At 30 April 2021	4,125,840	630,000	362,233	-	1,089,887	6,207,960
At 30 April 2022	4,004,489	630,000	1,171,362	-	716,627	6,522,478

The cost and the net carrying amount of the leasehold land are not segregated from the building as required details are not available.

The strata title of the leasehold land and building with net carrying amount of RM630,000 (30.4.2021: RM630,000, 30.4.2020 and 30.4.2019: Nil) is yet to be issued by relevant authorities.

Assets held under financial lease arrangements

The entire motor vehicles are held under finance lease arrangements and pledged as security for the related finance lease.

13. ACCOUNTANTS' REPORT (cont'd)**5. RIGHT-OF-USE ASSETS (CONT'D)**Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for bank borrowings are:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Leasehold land	2,628,037	2,570,364	2,512,691	2,455,018
Leasehold land and building	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>630,000</u>
	<u>2,628,037</u>	<u>2,570,364</u>	<u>3,142,691</u>	<u>3,085,018</u>

The details of pledged as securities for bank borrowings are disclosed in Note 12 to the financial statements.

6. FIXED DEPOSITS WITH LICENSED BANKS

Fixed deposits with licensed banks amounted to RM9,859,422 (30.4.2021: RM10,518,250, 30.4.2020: RM9,201,579 and 30.4.2019: RM6,221,028) have been pledged as collateral for credit facilities obtained from financial institutions.

Fixed deposits with a licensed bank of Nil (30.4.2021, 30.4.2020: RM213,211 and 30.4.2019: RM208,604) is held-in-trust by a Director of the Group.

The interest rates of fixed deposits with licensed banks are ranging from 1.60% to 1.89% (30.4.2021: 3.10% to 3.85%, 30.4.2020 and 30.4.2019: 3.15% to 3.85%) per annum and the maturity period are ranging from 30 to 365 days (30.4.2021, 30.4.2020 and 30.4.2019: 30 to 365 days).

7. INVENTORIES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Trading goods	567,981	1,772,371	1,916,867	3,174,963
Finished goods	<u>5,165,228</u>	<u>3,305,909</u>	<u>6,244,596</u>	<u>8,448,403</u>
	<u>5,733,209</u>	<u>5,078,280</u>	<u>8,161,463</u>	<u>11,623,366</u>
<u>Recognised in profit or loss:-</u>				
Inventories recognised in cost of sales	<u>86,808,360</u>	<u>129,748,867</u>	<u>152,934,265</u>	<u>294,778,046</u>

13. ACCOUNTANTS' REPORT (cont'd)

8. TRADE RECEIVABLES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Trade receivables	31,766,562	40,469,966	39,430,367	43,228,694
Less: Accumulated impairment losses				
Brought forward	-	-	(724,385)	(293,926)
Addition	-	(724,385)	-	-
Reversal	-	-	430,459	211,204
Carried forward	-	(724,385)	(293,926)	(82,722)
	<u>31,766,562</u>	<u>39,745,581</u>	<u>39,136,441</u>	<u>43,145,972</u>

The normal credit terms granted to customers ranging from cash on delivery to 120 days (30.4.2021, 30.4.2020 and 30.4.2019: cash on delivery to 120 days).

Related parties refer to the companies in which a Director has interest.

In financial year ended 30.4.2019, included in trade receivables of RM2,440,001 represents the amount due from related parties. The said amount was unsecured and non-interest bearing.

9. OTHER RECEIVABLES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Non-trade receivables	10,203,776	113,082	57,787	176,803
Advance to suppliers	-	-	39,709	56,886
Deposits	852,370	982,561	963,264	868,921
Prepayment	87,462	132,395	277,282	64,695
GST recoverable	213,621	208,927	2,614	-
	11,357,229	1,436,965	1,340,656	1,167,305
Less: Accumulated impairment losses				
Brought forward	-	-	(34,699)	(34,699)
Addition	-	(34,699)	-	-
Reversal	-	-	-	34,699
Carried forward	-	(34,699)	(34,699)	-
	<u>11,357,229</u>	<u>1,402,266</u>	<u>1,305,957</u>	<u>1,167,305</u>

Related parties refer to the companies in which a Director has interest.

In financial year ended 30.4.2019, included in non-trade receivables of RM9,964,268 represents the amount due from related parties. The said amount was unsecured and non-interest bearing.

13. ACCOUNTANTS' REPORT (cont'd)

9. OTHER RECEIVABLES (CONT'D)

In financial year ended 30.4.2019, included in non-trade receivables of RM388 represents the amount due from a person connected to a Director. The said amount was unsecured and non-interest bearing.

In financial year ended 30.4.2019, included in non-trade receivables of RM5,884,073 represents the proceeds from disposal of property, plant and equipment which has been settled in financial year ended 30.4.2020.

Included in deposits of RM501,137 (30.4.2021, 30.4.2020 and 30.4.2019: RM501,137) is pledged as securities for banking facilities granted to the Group.

In financial years ended 30.4.2020 and 30.4.2019, included in deposits of RM63,000 related to deposit paid for purchasing a leasehold land and building.

10. SHARE CAPITAL

	<u>30.4.2019</u> Unit	<u>30.4.2020</u> Unit	<u>30.4.2021</u> Unit	<u>30.4.2022</u> Unit
Issued and fully paid with no par value:-				
Brought forward	6,500,002	6,500,002	6,501,002	400,020,000
Shares split	-	-	19,000	-
Issuance of shares	-	1,000	99,998	-
Acquisition of subsidiaries	-	-	(6,600,000)	-
Issuance of shares to acquire subsidiaries	-	-	400,000,000	-
Carried forward	<u>6,500,002</u>	<u>6,501,002</u>	<u>400,020,000</u>	<u>400,020,000</u>
	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Issued and fully paid with no par value:-				
Brought forward	6,500,002	6,500,002	6,501,002	20,001,000
Issuance of shares	-	1,000	99,998	-
Acquisition of subsidiaries	-	-	(6,600,000)	-
Issuance of shares to acquire subsidiaries	-	-	20,000,000	-
Carried forward	<u>6,500,002</u>	<u>6,501,002</u>	<u>20,001,000</u>	<u>20,001,000</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

13. ACCOUNTANTS' REPORT (cont'd)

11. MERGER DEFICIT

The merger deficit arises as and when the combination take place, it comprises the difference between the cost of merger and the nominal value of shares acquired in MHC, MO and HGMC.

The recognised merger deficit at the acquisition date is derived as follow:-

	<u>30.4.2021</u> RM
Total consideration	20,000,000
Less: Nominal value of the subsidiaries' share capital	<u>(6,600,000)</u>
Merger deficit	<u>13,400,000</u>

Impact of the acquisition on the consolidated statements of profit or loss and other comprehensive income

In the financial year when the merger took place, the subsidiaries' profits are included in the Group's profits for the full financial year, regardless of the effective date of merger.

12. BORROWINGS

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Non-current				
Secured:-				
Term loans	<u>15,107,772</u>	<u>13,046,487</u>	<u>13,077,758</u>	<u>10,965,260</u>
Current				
Secured:-				
Bank overdrafts	1,748,220	3,635,450	4,091,686	1,839,849
Term loans	1,903,383	2,222,640	2,643,437	2,470,093
Bankers' acceptance	20,546,517	20,397,946	29,885,472	26,377,284
Invoice financing	546,558	544,294	519,250	511,097
Revolving financing	-	5,173,313	4,672,697	4,423,207
Unsecured:-				
Bankers' acceptance	<u>-</u>	<u>-</u>	<u>498,587</u>	<u>303,394</u>
	<u>24,744,678</u>	<u>31,973,643</u>	<u>42,311,129</u>	<u>35,924,924</u>
Total borrowings				
Bank overdrafts	1,748,220	3,635,450	4,091,686	1,839,849
Term loans	17,011,155	15,269,127	15,721,195	13,435,353
Bankers' acceptance	20,546,517	20,397,946	30,384,059	26,680,678
Invoice financing	546,558	544,294	519,250	511,097
Revolving financing	<u>-</u>	<u>5,173,313</u>	<u>4,672,697</u>	<u>4,423,207</u>
	<u>39,852,450</u>	<u>45,020,130</u>	<u>55,388,887</u>	<u>46,890,184</u>

13. ACCOUNTANTS' REPORT (cont'd)

12. BORROWINGS (CONT'D)

The borrowings are secured by the following:-

- (i) First party legal charge over the freehold land and buildings as disclosed in Note 4 to the financial statements;
- (ii) First party legal charge over the leasehold land and building as disclosed in Note 5 to the financial statements;
- (iii) Fixed deposits as disclosed in Note 6 to the financial statements;
- (iv) Debenture over fixed and floating, present and future assets of the Group;
- (v) Corporate guarantee by the Company and companies in which a Director has interest;
- (vi) Joint and several guarantee by a Director of the Group and an individual connected to Director of the Group;
- (vii) Supplementary memorandum of deposit as disclosed in Note 9 to the financial statements; and
- (viii) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad and Credit Guarantee Corporation Malaysia Berhad.

	<u>30.4.2019</u> %	<u>30.4.2020</u> %	<u>30.4.2021</u> %	<u>30.4.2022</u> %
<u>Effective interest rate:-</u>				
Bank overdrafts	7.45 - 8.14	6.95 - 10.85	6.20 - 10.85	6.20 - 10.20
Term loans	4.58 - 8.13	3.75 - 8.21	2.90 - 7.70	2.90 - 6.70
Bankers' acceptance	5.21 - 5.48	4.80 - 5.25	3.10 - 6.90	3.10 - 6.90
Invoice financing	6.77	6.19	5.05 - 5.10	4.99 - 5.00
Revolving financing	-	10.85	5.50 - 7.70	7.70

13. LEASE LIABILITIES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Current	620,948	687,986	652,282	562,096
Non-current	3,252,807	3,034,444	2,997,560	3,294,421
	<u>3,873,755</u>	<u>3,722,430</u>	<u>3,649,842</u>	<u>3,856,517</u>

The Group has leased several assets including leasehold land and building, motor vehicles, shop equipment, leased outlets and office. Future minimum lease payments as at years end is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Within 1 year	824,973	889,647	838,617	747,864
After 1 year but not later than 2 years	671,968	705,998	570,238	654,955
After 2 years but not later than 5 years	1,246,399	982,354	1,139,210	1,406,613
More than 5 years	3,216,000	3,072,000	2,928,000	2,784,000
Total undiscounted lease liabilities	<u>5,959,340</u>	<u>5,649,999</u>	<u>5,476,065</u>	<u>5,593,432</u>

13. ACCOUNTANTS' REPORT (cont'd)**13. LEASE LIABILITIES (CONT'D)**

The expenses relating to payments not included in the measurement of lease liabilities is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Short-term leases	510,535	476,014	62,801	735,909
Low-value assets	<u>17,526</u>	<u>39,680</u>	<u>42,733</u>	<u>138,376</u>
	<u>528,061</u>	<u>515,694</u>	<u>105,534</u>	<u>874,285</u>

The total cash outflow for leases of the Group is RM1,794,448 (30.4.2021: RM965,090, 30.4.2020: RM1,415,946 and 30.4.2019: RM1,430,033).

The effective interest rates of lease liabilities of the Group are charged at rates ranging from 3.93% to 6.88% (30.4.2021, 30.4.2020: 4.87% to 6.88% and 30.4.2019: 4.87% to 7.15%) per annum.

The lease liabilities of the Group that are secured against personal guarantee by a Director is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Motor vehicles	<u>402,011</u>	<u>318,969</u>	<u>366,184</u>	<u>1,026,097</u>

14. PROVISION FOR RESTORATION COSTS

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Current	43,500	-	15,000	-
Non-current	<u>430,219</u>	<u>515,008</u>	<u>1,208,373</u>	<u>1,336,074</u>
	<u>473,719</u>	<u>515,008</u>	<u>1,223,373</u>	<u>1,336,074</u>

Provision for restoration costs comprise estimated costs of dismantle, removal or restoration of factory and leased outlets upon the expiry of tenancy agreements. The reconciliation of the provision for restoration costs is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Brought forward	386,836	473,719	515,008	1,223,373
Recognised in property, plant and equipment	28,500	-	565,809	-
Recognised in profit or loss	58,383	56,289	171,056	112,701
Reversal of provision for restoration costs	<u>-</u>	<u>(15,000)</u>	<u>(28,500)</u>	<u>-</u>
Carried forward	<u>473,719</u>	<u>515,008</u>	<u>1,223,373</u>	<u>1,336,074</u>

13. ACCOUNTANTS' REPORT (cont'd)
15. DEFERRED TAX LIABILITIES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Brought forward	(283,000)	228,000	268,000	264,000
Recognised in profit or loss	<u>511,000</u>	<u>40,000</u>	<u>(4,000)</u>	<u>8,000</u>
Carried forward	<u><u>228,000</u></u>	<u><u>268,000</u></u>	<u><u>264,000</u></u>	<u><u>272,000</u></u>

The components and movement of the Group's deferred tax assets/(liabilities) are as follows:-

	<u>Provision</u> RM	<u>Unabsorbed business losses</u> RM	<u>Unutilised capital allowance</u> RM	<u>Contract liabilities</u> RM	<u>Property, plant and equipment</u> RM	<u>Total</u> RM
At 1 May 2018	-	380,000	-	-	(97,000)	283,000
Recognised in profit or loss	<u>-</u>	<u>(380,000)</u>	<u>-</u>	<u>9,000</u>	<u>(140,000)</u>	<u>(511,000)</u>
At 30 April 2019	-	-	-	9,000	(237,000)	(228,000)
Recognised in profit or loss	<u>-</u>	<u>-</u>	<u>51,000</u>	<u>9,000</u>	<u>(100,000)</u>	<u>(40,000)</u>
At 30 April 2020	-	-	51,000	18,000	(337,000)	(268,000)
Recognised in profit or loss	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>11,000</u>	<u>(21,000)</u>	<u>4,000</u>
At 30 April 2021	-	-	65,000	29,000	(358,000)	(264,000)
Recognised in profit or loss	<u>52,000</u>	<u>-</u>	<u>(65,000)</u>	<u>(29,000)</u>	<u>34,000</u>	<u>(8,000)</u>
At 30 April 2022	<u><u>52,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(324,000)</u></u>	<u><u>(272,000)</u></u>

Presented after appropriate offsetting as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Deferred tax assets (before offsetting)	(9,000)	(69,000)	(94,000)	(52,000)
Offsetting	<u>9,000</u>	<u>69,000</u>	<u>94,000</u>	<u>52,000</u>
Deferred tax assets (after offsetting)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Deferred tax liabilities (before offsetting)	237,000	337,000	358,000	324,000
Offsetting	<u>(9,000)</u>	<u>(69,000)</u>	<u>(94,000)</u>	<u>(52,000)</u>
Deferred tax liabilities (after offsetting)	<u><u>228,000</u></u>	<u><u>268,000</u></u>	<u><u>264,000</u></u>	<u><u>272,000</u></u>

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

13. ACCOUNTANTS' REPORT (cont'd)**16. TRADE PAYABLES**

The credit terms granted by the suppliers ranging from cash on delivery to 90 days (30.4.2021, 30.4.2020 and 30.4.2019: cash on delivery to 90 days).

Related party refers to a company in which a Director has interest.

In the financial year 30.4.2019, included in trade payables of RM45,289 represents the amount due to a related party. The said amount was unsecured and non-interest bearing.

17. OTHER PAYABLES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Non-trade payables	2,983,397	2,774,843	2,297,818	3,735,947
Accruals	374,753	242,082	558,827	5,522,931
Deposit received	-	-	50	17,344
	<u>3,358,150</u>	<u>3,016,925</u>	<u>2,856,695</u>	<u>9,276,222</u>

Related party refers to a company in which a Director has interest.

In financial year ended 30.4.2019, included in non-trade payables of RM613,429 represents the amount due to a related party. The said amount was unsecured and non-interest bearing.

In financial year ended 30.4.2019, included in non-trade payables of RM313,738 represents the amount due to an individual connected to a Director. The said amount was unsecured and non-interest bearing.

18. CONTRACT LIABILITIES

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Loyalty program	<u>34,625</u>	<u>75,451</u>	<u>120,440</u>	<u>-</u>

Contract liabilities relate to the loyalty points that are yet to be redeemed. The amount will be recognised as revenue when the points are redeemed. The unredeemed loyalty points have no expiry date but the management expected the loyalty points will be fully redeemed by customers within 1 to 2 years based on their historical trend and experience.

13. ACCOUNTANTS' REPORT (cont'd)

18. CONTRACT LIABILITIES (CONT'D)

Movement of contract liabilities as at the end of each reporting year are as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Brought forward	-	34,625	75,451	120,440
Arising during the financial year	34,625	40,826	49,939	-
Recognised during the financial year	-	-	(4,950)	(74,470)
Lapsed during the financial year	-	-	-	(45,970)
Carried forward	<u>34,625</u>	<u>75,451</u>	<u>120,440</u>	<u>-</u>

19. AMOUNT DUE TO DIRECTORS

Amount due to Directors was non-trade in nature, unsecured and non-interest bearing.

20. REVENUE

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
<u>Revenue recognised at a point in time:</u>				
- Sales of frozen seafood and other products	<u>116,396,517</u>	<u>161,309,917</u>	<u>186,446,823</u>	<u>349,143,996</u>
<u>Primary geographical market:</u>				
- Malaysia	102,940,407	120,204,551	108,058,038	149,395,401
- Saudi Arabia	3,481,883	27,746,577	56,489,504	42,728,825
- China	254,924	4,760,310	21,049,803	154,339,209
- Philippines	9,702,293	8,391,634	-	-
- Indonesia	17,010	-	-	-
- United Arab Emirates	-	206,845	849,478	2,680,561
	<u>116,396,517</u>	<u>161,309,917</u>	<u>186,446,823</u>	<u>349,143,996</u>

13. ACCOUNTANTS' REPORT (cont'd)**21. PROFIT BEFORE TAX**

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Auditors' remuneration	89,000	101,000	130,000	158,000
Bad debts written off	198,377	-	-	38,893
Interest expenses:				
- Lease liabilities	254,934	216,593	206,831	218,191
- Term loans	910,242	915,319	898,782	720,289
- Bank overdrafts	130,153	125,062	74,312	99,940
- Bankers' acceptance	780,762	1,057,591	1,087,713	1,141,514
- Invoice financing	32,146	33,545	19,463	18,534
- Revolving financing	-	235,909	264,549	267,739
- Bank guarantee	51,974	16,738	50,610	82,300
- Restoration costs	58,383	56,289	171,056	112,701
- Overdue interest	-	-	220,654	-
Directors' fees	35,000	41,355	-	-
Realised loss on foreign exchange	-	-	5,823	-
Interest income				
- Current accounts	(4,231)	(9,290)	(3,797)	(2,178)
- Fixed deposits	(334,792)	(147,026)	(248,313)	(215,728)
Rental income	(9,000)	-	(1,617)	-
Rent concessions	-	-	(51,767)	(75,808)
Realised gain on foreign exchange	(131,126)	(102,989)	(251,048)	(2,787,024)
Unrealised gain on foreign exchange	-	(193,788)	(42,902)	(142,809)
Gain on early termination of leases	-	(1,919)	(24,639)	(22,264)
Wage subsidy	-	-	(45,600)	-

22. TAX EXPENSE

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Current tax				
- Current years	558,504	508,155	560,000	180,498
- (Over)/Under provision in prior financial year	-	(22,336)	756,774	(5,056)
	<u>558,504</u>	<u>485,819</u>	<u>1,316,774</u>	<u>175,442</u>
Deferred tax				
- Current years	511,000	29,000	32,000	75,000
- Under/(Over) recognised in prior financial year	-	11,000	(36,000)	(67,000)
	<u>511,000</u>	<u>40,000</u>	<u>(4,000)</u>	<u>8,000</u>
Total	<u>1,069,504</u>	<u>525,819</u>	<u>1,312,774</u>	<u>183,442</u>

13. ACCOUNTANTS' REPORT (cont'd)**22. TAX EXPENSE (CONT'D)**

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profits for the financial year.

The numerical reconciliation between effective tax rate and the statutory tax rate of the Group are as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Profit before tax	<u>16,299,614</u>	<u>12,751,934</u>	<u>17,368,962</u>	<u>21,294,764</u>
Tax at Malaysian statutory tax rate of 24%	3,911,907	3,060,464	4,168,551	5,110,743
Tax effects in respect of:-				
Change in tax rate for first tranche of chargeable income	(52,090)	(42,000)	(10,139)	-
Income exempted under tax pioneer status	(3,205,306)	(3,470,643)	(4,214,022)	(5,706,224)
Expenses not deductible for tax purposes	416,179	1,039,817	825,740	999,722
Income exempted under tax incentive	(1,186)	(46,883)	(165,129)	(143,400)
Income not subject to tax	-	(3,600)	(13,001)	(5,343)
(Over)/Under provision of tax expense in prior financial year	-	(22,336)	756,774	(5,056)
Under/(Over) recognised of deferred tax liabilities in prior financial year	<u>-</u>	<u>11,000</u>	<u>(36,000)</u>	<u>(67,000)</u>
	<u>1,069,504</u>	<u>525,819</u>	<u>1,312,774</u>	<u>183,442</u>

On 14 December 2017, the Malaysian Investment Development Authority had granted MHC Coldstorage Sdn. Bhd. 100% income tax exemption on statutory income derived from approved business, pursuant to the Income Tax (exemption) (No. 6) 2016/P.U. (A) 159/2016 for a period of 10 years commencing from year of assessment from 2018 to 2027.

13. ACCOUNTANTS' REPORT (cont'd)

23. EMPLOYEE BENEFITS EXPENSE

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
<u>Staffs' remuneration</u>				
Salaries, wages and other emoluments	2,855,002	3,576,742	2,412,983	3,212,864
Defined contribution plan	190,996	163,661	173,976	186,640
Social security contribution	36,790	15,527	25,576	26,906
Employment insurance scheme	<u>3,878</u>	<u>11,871</u>	<u>2,198</u>	<u>3,126</u>
Total	<u>3,086,666</u>	<u>3,767,801</u>	<u>2,614,733</u>	<u>3,429,536</u>
<u>Directors' remuneration</u>				
Salaries and other emoluments	367,000	230,000	269,620	1,516,960
Defined contribution plan	16,800	27,600	28,368	32,079
Social security contribution	483	829	1,088	1,103
Employment insurance scheme	<u>55</u>	<u>95</u>	<u>125</u>	<u>127</u>
Total	<u>384,338</u>	<u>258,524</u>	<u>299,201</u>	<u>1,550,269</u>
Grand total	<u><u>3,471,004</u></u>	<u><u>4,026,325</u></u>	<u><u>2,913,934</u></u>	<u><u>4,979,805</u></u>

24. RELATED PARTY DISCLOSURES

(a) Significant related party transactions for the financial year were as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
<u>Related parties:-</u>				
Sales	2,604,201	4,327,400	-	-
Purchases	287,839	14,854,358	-	-
Disposal of property, plant and equipment	<u>5,884,073</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Individual connected to a Director:-</u>				
Rental expense	<u>80,400</u>	<u>73,700</u>	<u>26,800</u>	<u>-</u>

(b) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 8, 9, 16, 17 and 19 to the financial statements.

13. ACCOUNTANTS' REPORT (cont'd)**24. RELATED PARTY DISCLOSURES (CONT'D)**

- (c) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

Key management includes all the Directors and certain members of senior management of the Group.

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Directors' remuneration	384,338	258,524	299,201	1,550,269
Directors' fees	<u>35,000</u>	<u>41,355</u>	<u>-</u>	<u>-</u>
Total	<u>419,338</u>	<u>299,879</u>	<u>299,201</u>	<u>1,550,269</u>
<u>Other key management personnel</u>				
Salaries and other emoluments	-	35,100	274,485	585,875
Defined contribution plan	-	4,212	33,448	28,508
Social security contribution	-	207	2,279	2,486
Employment insurance scheme	<u>-</u>	<u>24</u>	<u>261</u>	<u>285</u>
Total	<u>-</u>	<u>39,543</u>	<u>310,473</u>	<u>617,154</u>
Grand total	<u><u>419,338</u></u>	<u><u>339,422</u></u>	<u><u>609,674</u></u>	<u><u>2,167,423</u></u>

25. FINANCIAL INSTRUMENTS**25.1 Categories of Financial Instruments**

The table below provides an analysis of financial instruments measured at amortised cost.

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Financial assets				
Trade receivables	31,766,562	39,745,581	39,136,441	43,145,972
Other receivables	11,056,146	1,060,944	1,026,061	1,102,610
Fixed deposits with licensed banks	6,221,028	9,201,579	10,518,250	9,860,422
Cash and bank balances	<u>2,680,994</u>	<u>10,082,084</u>	<u>30,457,872</u>	<u>45,525,551</u>
	<u><u>51,724,730</u></u>	<u><u>60,090,188</u></u>	<u><u>81,138,624</u></u>	<u><u>99,634,555</u></u>

13. ACCOUNTANTS' REPORT (cont'd)**25. FINANCIAL INSTRUMENTS (CONT'D)****25.1 Categories of Financial Instruments (cont'd)**

The table below provides an analysis of financial instruments measured at amortised cost (cont'd).

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Financial liabilities				
Trade payables	5,913,917	5,720,935	1,611,160	3,686,941
Other payables	3,358,150	3,016,925	2,856,695	9,276,222
Amount due to Directors	4,665,405	-	-	-
Borrowings	<u>39,852,450</u>	<u>45,020,130</u>	<u>55,388,887</u>	<u>46,890,184</u>
	<u>53,789,922</u>	<u>53,757,990</u>	<u>59,856,742</u>	<u>59,853,347</u>

25.2 Financial Risk Management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The Group has established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections explain key risks faced by the Group and its management. Significant accounting policies on financial assets and financial liabilities of the Group are summarised in Note 3.4 to the financial statements.

25.2.1 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy to enter into a financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses on their financial assets or other financial instruments.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the management.

13. ACCOUNTANTS' REPORT (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

25.2.1 Credit Risk (cont'd)

The areas where the Group is exposed to credit risk are as follows:-

Trade Receivables

Trade receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

However, the management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

An impairment analysis performed at each reporting date using provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns by customer type and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table provides information about the credit risk exposure on the Group's trade receivables using provision matrix:-

	<u>Gross carrying amount</u> RM	<u>Expected credit loss</u> RM	<u>Net carrying amount</u> RM
30.4.2019			
Not past due	26,444,011	-	26,444,011
Past due 1 to 30 days	3,822,848	-	3,822,848
Past due 31 to 60 days	59,713	-	59,713
Past due 61 to 90 days	830,526	-	830,526
Past due 91 to 120 days	73,353	-	73,353
Past due more than 120 days	536,111	-	536,111
	<u>31,766,562</u>	<u>-</u>	<u>31,766,562</u>
30.4.2020			
Not past due	10,953,930	-	10,953,930
Past due 1 to 30 days	6,052,967	-	6,052,967
Past due 31 to 60 days	11,255,675	-	11,255,675
Past due 61 to 90 days	9,051,361	-	9,051,361
Past due 91 to 120 days	1,029,207	-	1,029,207
Past due more than 120 days	2,126,826	(724,385)	1,402,441
	<u>40,469,966</u>	<u>(724,385)</u>	<u>39,745,581</u>

13. ACCOUNTANTS' REPORT (cont'd)**25. FINANCIAL INSTRUMENTS (CONT'D)****25.2 Financial Risk Management (cont'd)****25.2.1 Credit Risk (cont'd)**

The areas where the Group is exposed to credit risk are as follows (cont'd):-

Trade Receivables (cont'd)

The following table provides information about the credit risk exposure on the Group's trade receivables using provision matrix (cont'd):-

	<u>Gross carrying amount</u> RM	<u>Expected credit loss</u> RM	<u>Net carrying amount</u> RM
30.4.2021			
Not past due	6,751,083	-	6,751,083
Past due 1 to 30 days	5,078,019	-	5,078,019
Past due 31 to 60 days	8,217,902	-	8,217,902
Past due 61 to 90 days	2,535,753	-	2,535,753
Past due 91 to 120 days	11,854,918	-	11,854,918
Past due more than 120 days	4,992,692	(293,926)	4,698,766
	<u>39,430,367</u>	<u>(293,926)</u>	<u>39,136,441</u>
30.4.2022			
Not past due	37,988,526	-	37,988,526
Past due 1 to 30 days	1,406,265	-	1,406,265
Past due 31 to 60 days	739,032	-	739,032
Past due 61 to 90 days	2,546,018	-	2,546,018
Past due 91 to 120 days	496,207	(30,076)	466,131
Past due more than 120 days	52,646	(52,646)	-
	<u>43,228,694</u>	<u>(82,722)</u>	<u>43,145,972</u>

Trade receivables that are neither past due nor impaired are credit worthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

None of the Group's financial assets are secured by collateral or other credit enhancements.

13. ACCOUNTANTS' REPORT (cont'd)**25. FINANCIAL INSTRUMENTS (CONT'D)****25.2 Financial Risk Management (cont'd)****25.2.1 Credit Risk (cont'd)**

The areas where the Group is exposed to credit risk are as follows (cont'd):-

Trade Receivables (cont'd)

The credit risk concentration profile of the Group as at the reporting date is as follow:-

	<u>30.4.2019</u>		<u>30.4.2020</u>		<u>30.4.2021</u>		<u>30.4.2022</u>	
	RM	%	RM	%	RM	%	RM	%
By country:								
Malaysia	-	-	9,678,812	24	-	-	10,022,862	23
Saudi Arabia	-	-	-	-	31,579,453	81	-	-
China	-	-	-	-	-	-	18,518,527	43
	<u>-</u>	<u>-</u>	<u>9,678,812</u>	<u>24</u>	<u>31,579,453</u>	<u>81</u>	<u>28,541,389</u>	<u>66</u>

Other Receivables

The maximum exposure of credit risk of sundry receivables and deposits is represented by their carrying amounts stated in the financial statements. The Group provides unsecured loans and advances to the sundry receivables and monitor their result regularly.

As at the reporting date, there is no indication that the advances and deposits are not recoverable.

Cash and Cash Equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable financial institutions with high quality external credit ratings.

25.2.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk that arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

13. ACCOUNTANTS' REPORT (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

25.2.2 Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow:-

	Carrying amount RM	Contractual cash flow RM	Maturity			
			Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	More than 5 years RM
30.4.2019						
Trade payables	5,913,917	5,913,917	5,913,917	-	-	-
Other payables	3,358,150	3,358,150	3,358,150	-	-	-
Amount due to Directors	4,665,405	4,665,405	4,665,405	-	-	-
Borrowings	39,852,450	44,107,920	25,650,921	2,894,445	5,979,804	9,582,750
Lease liabilities	3,873,755	5,959,340	824,973	671,968	1,246,399	3,216,000
	<u>57,663,677</u>	<u>64,004,732</u>	<u>40,413,366</u>	<u>3,566,413</u>	<u>7,226,203</u>	<u>12,798,750</u>
Performance bond*	300,000	300,000	300,000	-	-	-
30.4.2020						
Trade payables	5,720,935	5,720,935	5,720,935	-	-	-
Other payables	3,016,925	3,016,925	3,016,925	-	-	-
Borrowings	45,020,130	48,459,359	32,823,651	2,715,168	7,562,715	5,357,825
Lease liabilities	3,722,430	5,649,999	889,647	705,998	982,354	3,072,000
	<u>57,480,420</u>	<u>62,847,218</u>	<u>42,451,158</u>	<u>3,421,166</u>	<u>8,545,069</u>	<u>8,429,825</u>
Performance bond*	300,000	300,000	300,000	-	-	-
30.4.2021						
Trade payables	1,611,160	1,611,160	1,611,160	-	-	-
Other payables	2,856,695	2,856,695	2,856,695	-	-	-
Borrowings	55,388,887	58,076,829	43,075,590	2,716,868	7,836,207	4,448,164
Lease liabilities	3,649,842	5,476,065	838,617	570,238	1,139,210	2,928,000
	<u>63,506,584</u>	<u>68,020,749</u>	<u>48,382,062</u>	<u>3,287,106</u>	<u>8,975,417</u>	<u>7,376,164</u>
Performance bond*	300,000	300,000	300,000	-	-	-

13. ACCOUNTANTS' REPORT (cont'd)
25. FINANCIAL INSTRUMENTS (CONT'D)
25.2 Financial Risk Management (cont'd)
25.2.2 Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligations is as follow (cont'd):-

	Carrying amount RM	Contractual cash flow RM	← Maturity →			
			Less than 1 year RM	Between 1 to 2 years RM	Between 2 to 5 years RM	More than 5 years RM
30.4.2022						
Trade payables	3,686,941	3,686,941	3,686,941	-	-	-
Other payables	9,276,222	9,276,222	9,276,222	-	-	-
Borrowings	46,890,184	48,806,391	36,567,439	2,563,409	8,591,805	1,083,738
Lease liabilities	3,856,517	5,593,432	747,864	654,955	1,406,613	2,784,000
	<u>63,709,864</u>	<u>67,362,986</u>	<u>50,278,466</u>	<u>3,218,364</u>	<u>9,998,418</u>	<u>3,867,738</u>
Performance bond*	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	-	-	-

* This exposure is included in liquidity risk for illustration only. No performance bond was called upon by the holders as at the end of the reporting year.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

25.2.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to the risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

13. ACCOUNTANTS' REPORT (cont'd)**25. FINANCIAL INSTRUMENTS (CONT'D)****25.2 Financial Risk Management (cont'd)****25.2.3 Interest Rate Risk (cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Fixed rate instruments				
<u>Financial asset</u>				
Fixed deposits with licensed banks	6,221,028	9,201,579	10,518,250	9,860,422
<u>Financial liabilities</u>				
Lease liabilities	(3,873,755)	(3,722,430)	(3,649,842)	(3,856,517)
Bankers' acceptance	(20,546,517)	(20,397,946)	(30,384,059)	(26,680,678)
Invoice financing	(546,558)	(544,294)	(519,250)	(511,097)
Revolving financing	-	(5,173,313)	(4,672,697)	(4,423,207)
	<u>(24,966,830)</u>	<u>(29,837,983)</u>	<u>(39,225,848)</u>	<u>(35,471,499)</u>
	<u>(18,745,802)</u>	<u>(20,636,404)</u>	<u>(28,707,598)</u>	<u>(25,611,077)</u>
Floating rate instrument				
<u>Financial liabilities</u>				
Bank overdrafts	(1,748,220)	(3,635,450)	(4,091,686)	(1,839,849)
Term loans	(17,011,155)	(15,269,127)	(15,721,195)	(13,435,353)
	<u>(18,759,375)</u>	<u>(18,904,577)</u>	<u>(19,812,881)</u>	<u>(15,275,202)</u>

Fair Values Sensitivity Analysis for Fixed Rate Instruments

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss. Therefore, a change in interest rates as at the reporting date would not affect profit or loss.

13. ACCOUNTANTS' REPORT (cont'd)**25. FINANCIAL INSTRUMENTS (CONT'D)****25.2 Financial Risk Management (cont'd)****25.2.3 Interest Rate Risk (cont'd)**Cash Flow Sensitivity Analysis for Variable Rate Instruments

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rate of +/-50 (30.4.2021, 30.4.2020 and 30.4.2019: +/-50) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instrument held at each reporting date that is sensitive to changes in interest rate. All other variables are held constant.

	Impact on profit/equity (Decrease)/Increase	
	+50bp RM	-50bp RM
30.4.2019	(93,797)	93,797
30.4.2020	(94,523)	94,523
30.4.2021	(99,064)	99,064
30.4.2022	(76,376)	76,376

25.2.4 Foreign Currency Risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia ("RM"). The Group's policy is to keep the foreign exchange exposure to an acceptable level.

The Group is exposed to transactional currency risk primarily through trade receivables, cash and bank balances and other payables that are denominated in a currency other than the functional currency to which they related. The currency giving rise to this risk is primarily United States Dollar ("USD").

Foreign currency denominated financial assets which expose the Group to currency risk are disclosed below. The amount shown is those reported to key management translated into RM at the closing rate:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
<u>Denominated in USD</u>				
Trade receivables	2,042,160	-	36,267,531	19,172,854
Other receivables	-	-	114,938	-
Cash and bank balances	1,075,116	1,124,029	1,023,197	33,665
Trade payables	(928,625)	-	-	-
Other payables	-	(118,378)	(590,740)	(32,390)
	<u>2,188,651</u>	<u>1,005,651</u>	<u>36,814,926</u>	<u>19,174,129</u>

13. ACCOUNTANTS' REPORT (cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

25.2 Financial Risk Management (cont'd)

25.2.4 Foreign Currency Risk (cont'd)

Foreign Currency Sensitivity Analysis

The following table illustrates the sensitivity of profit and equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate (30.4.2021, 30.4.2020 and 30.4.2019: RM/USD) assuming all other things being equal.

A +/-1% (30.4.2021, 30.4.2020 and 30.4.2019: +/-1%) change in the RM/USD exchange rate at the reporting is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months.

The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date that offset effects from changes in currency exchange rates. If the RM had strengthened/weakened against the USD, then the impact would be as follows:-

<u>RM/USD</u>	Impact on profit/equity	
	<u>Increase/(Decrease)</u>	
	+1%	-1%
	RM	RM
30.4.2019	21,887	(21,887)
30.4.2020	10,057	(10,057)
30.4.2021	368,149	(368,149)
30.4.2022	191,741	(191,741)

25.3 Fair Value of Financial Instruments

The carrying amounts of financial assets and financial liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or immaterial discounting impact.

25.4 Fair Value Hierarchy

No fair value hierarchy has been disclosed as the Group does not have financial instruments measured at fair value.

13. ACCOUNTANTS' REPORT (cont'd)

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<u>1.5.2018</u> RM	Recognition of right-of-use <u>assets</u> RM	<u>Cash flows</u> RM	<u>30.4.2019</u> RM		
Lease liabilities	4,325,446	195,347	(647,038)	3,873,755		
Term loans	15,382,399	-	1,628,756	17,011,155		
Amount due to Directors	3,675,340	-	990,065	4,665,405		
	<u>23,383,185</u>	<u>195,347</u>	<u>1,971,783</u>	<u>25,550,315</u>		
	<u>1.5.2019</u> RM	Recognition of right-of-use <u>assets</u> RM	Early <u>termination</u> RM	<u>Cash flows</u> RM	<u>30.4.2020</u> RM	
Lease liabilities	3,873,755	547,058	(14,724)	(683,659)	3,722,430	
Term loans	17,011,155	-	-	(1,742,028)	15,269,127	
Amount due to Directors	4,665,405	-	-	(4,665,405)	-	
	<u>25,550,315</u>	<u>547,058</u>	<u>(14,724)</u>	<u>(7,091,092)</u>	<u>18,991,557</u>	
	<u>1.5.2020</u> RM	Recognition of right-of-use <u>assets</u> RM	Early <u>termination</u> RM	Rent <u>concessions</u> RM	<u>Cash flows</u> RM	<u>30.4.2021</u> RM
Lease liabilities	3,722,430	824,396	(192,492)	(51,767)	(652,725)	3,649,842
Term loans	15,269,127	535,500	-	-	(83,432)	15,721,195
	<u>18,991,557</u>	<u>1,359,896</u>	<u>(192,492)</u>	<u>(51,767)</u>	<u>(736,157)</u>	<u>19,371,037</u>

13. ACCOUNTANTS' REPORT *(cont'd)*

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	<u>1.5.2021</u>	Recognition of right-of-use assets	Early termination	Rent concessions	Cash flows	<u>30.4.2022</u>
	RM	RM	RM	RM	RM	RM
Lease liabilities	3,649,842	1,101,427	(116,972)	(75,808)	(701,972)	3,856,517
Term loans	<u>15,721,195</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,285,842)</u>	<u>13,435,353</u>
	<u>19,371,037</u>	<u>1,101,427</u>	<u>(116,972)</u>	<u>(75,808)</u>	<u>(2,987,814)</u>	<u>17,291,870</u>

13. ACCOUNTANTS' REPORT (cont'd)

27. SEGMENTAL INFORMATION

Business Segments

For management purposes, the Group is organised into two major business units based on its products, which comprises the following:-

Business segments	Business activities
Processing and trading of frozen seafood products	: Processing and trading of frozen seafood products.
Trading of other products	: Trading of other products including meat and non-meat products.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the financial statements.

13. ACCOUNTANTS' REPORT (cont'd)

27. SEGMENTAL INFORMATION (CONT'D)

Business Segments (cont'd)

	<u>Note</u>	Processing and trading of frozen seafood <u>products</u> RM	Trading of other <u>products</u> RM	<u>Adjustments</u> RM	<u>Total</u> RM
30.4.2019					
Revenue					
External revenue		91,107,273	25,289,244	-	116,396,517
Inter-segment revenue	(a)	11,009,246	12,100,152	(23,109,398)	-
Total revenue		<u>102,116,519</u>	<u>37,389,396</u>	<u>(23,109,398)</u>	<u>116,396,517</u>
Results*					
Finance income					339,023
Finance costs					(2,218,594)
Depreciation of property, plant and equipment					(1,602,345)
Depreciation of right-of- use assets					(754,690)
Other non-cash expenses	(b)				(202,341)
Tax expense					(1,069,504)
Segment profit	(c)				<u>17,109,681</u>
Assets					
Additions to non-current assets other than deferred tax assets	(d)				7,153,986
Segment assets	(e)				<u>87,145,925</u>
Liabilities					
Segment liabilities	(f)				<u>14,445,816</u>

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

13. ACCOUNTANTS' REPORT (cont'd)**27. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)**

	<u>Note</u>	Processing and trading of frozen seafood <u>products</u> RM	Trading of other <u>products</u> RM	<u>Adjustments</u> RM	<u>Total</u> RM
30.4.2020					
Revenue					
External revenue		138,727,441	22,582,476	-	161,309,917
Inter-segment revenue	(a)	<u>26,422,169</u>	<u>5,710,415</u>	<u>(32,132,584)</u>	-
Total revenue		<u>165,149,610</u>	<u>28,292,891</u>	<u>(32,132,584)</u>	<u>161,309,917</u>
Results*					
Finance income					156,316
Finance costs					(2,657,046)
Depreciation of property, plant and equipment					(1,760,712)
Depreciation of right-of- use assets					(714,551)
Other non-cash expenses	(b)				(548,377)
Tax expense					(525,819)
Segment profit	(c)				<u>14,726,845</u>
Assets					
Additions to non-current assets other than deferred tax assets	(d)				1,641,962
Segment assets	(e)				<u>94,050,587</u>
Liabilities					
Segment liabilities	(f)				<u>9,328,319</u>

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

13. ACCOUNTANTS' REPORT (cont'd)**27. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)**

	<u>Note</u>	Processing and trading of frozen seafood <u>products</u> RM	Trading of other <u>products</u> RM	<u>Adjustments</u> RM	<u>Total</u> RM
30.4.2021					
Revenue					
External revenue		165,810,565	20,636,258	-	186,446,823
Inter-segment revenue	(a)	9,982,133	7,592,816	(17,574,949)	-
Total revenue		<u>175,792,698</u>	<u>28,229,074</u>	<u>(17,574,949)</u>	<u>186,446,823</u>
Results*					
Finance income					252,110
Finance costs					(2,993,970)
Depreciation of property, plant and equipment					(1,849,796)
Depreciation of right-of- use assets					(707,093)
Other non-cash expenses	(b)				523,511
Tax expense					(1,312,774)
Segment profit	(c)				<u>18,798,048</u>
Assets					
Additions to non-current assets other than deferred tax assets	(d)				2,563,603
Segment assets	(e)				<u>117,903,869</u>
Liabilities					
Segment liabilities	(f)				<u>5,811,668</u>

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

13. ACCOUNTANTS' REPORT (cont'd)**27. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)**

	<u>Note</u>	Processing and trading of frozen seafood <u>products</u> RM	Trading of other <u>products</u> RM	<u>Adjustments</u> RM	<u>Total</u> RM
30.4.2022					
Revenue					
External revenue		321,500,058	27,643,938	-	349,143,996
Inter-segment revenue	(a)	<u>24,479,064</u>	<u>9,296,653</u>	<u>(33,775,717)</u>	-
Total revenue		<u>345,979,122</u>	<u>36,940,591</u>	<u>(33,775,717)</u>	<u>349,143,996</u>
Results*					
Finance income					217,906
Finance costs					(2,661,208)
Depreciation of property, plant and equipment					(1,873,653)
Depreciation of right-of- use assets					(815,974)
Other non-cash expenses	(b)				447,891
Tax expense					(183,442)
Segment profit	(c)				<u>23,554,624</u>
Assets					
Additions to non-current assets other than deferred tax assets	(d)				1,501,501
Segment assets	(e)				<u>138,326,835</u>
Liabilities					
Segment liabilities	(f)				<u>14,299,237</u>

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

13. ACCOUNTANTS' REPORT (cont'd)
27. SEGMENTAL INFORMATION (CONT'D)
Business Segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the financial statements:-

- (a) Inter-segment revenue is eliminated on consolidation.
- (b) Other non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:-

	<u>30.4.2019</u>	<u>30.4.2020</u>	<u>30.4.2021</u>	<u>30.4.2022</u>
	RM	RM	RM	RM
Bad debts written off	(198,377)	-	-	(38,893)
Gain on early termination on leases	-	1,919	24,639	22,264
Impairment (loss)/gain of financial assets, net	-	(759,084)	430,459	245,903
Property, plant and equipment written off	(3,964)	-	(54,756)	-
Reversal of provision for restoration costs	-	15,000	28,500	-
Rent concessions	-	-	51,767	75,808
Unrealised gain on foreign exchange	-	193,788	42,902	142,809
	<u>(202,341)</u>	<u>(548,377)</u>	<u>523,511</u>	<u>447,891</u>

- (c) The following items are added to/(deducted from) segment profit to arrive at "Profit after tax" presented in the statements of profit or loss and other comprehensive income:-

	<u>30.4.2019</u>	<u>30.4.2020</u>	<u>30.4.2021</u>	<u>30.4.2022</u>
	RM	RM	RM	RM
Segment profit	17,109,681	14,726,845	18,798,048	23,554,624
Finance income	339,023	156,316	252,110	217,906
Finance costs	<u>(2,218,594)</u>	<u>(2,657,046)</u>	<u>(2,993,970)</u>	<u>(2,661,208)</u>
Profit after tax	<u>15,230,110</u>	<u>12,226,115</u>	<u>16,056,188</u>	<u>21,111,322</u>

13. ACCOUNTANTS' REPORT (cont'd)**27. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)**

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the financial statements (cont'd):-

- (d) Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Property, plant and equipment	6,958,639	1,094,904	1,109,207	239,468
Right-of-use assets	<u>195,347</u>	<u>547,058</u>	<u>1,454,396</u>	<u>1,262,033</u>
	<u><u>7,153,986</u></u>	<u><u>1,641,962</u></u>	<u><u>2,563,603</u></u>	<u><u>1,501,501</u></u>

- (e) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Segment assets	87,145,925	94,050,587	117,903,869	138,326,835
Tax recoverable	<u>646,125</u>	<u>361,315</u>	<u>15,937</u>	<u>330,616</u>
Total assets	<u><u>87,792,050</u></u>	<u><u>94,411,902</u></u>	<u><u>117,919,806</u></u>	<u><u>138,657,451</u></u>

- (f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Segment liabilities	14,445,816	9,328,319	5,811,668	14,299,237
Deferred tax liabilities	228,000	268,000	264,000	272,000
Lease liabilities	3,873,755	3,722,430	3,649,842	3,856,517
Borrowings	39,852,450	45,020,130	55,388,887	46,890,184
Tax payable	<u>55,916</u>	<u>9,795</u>	<u>585,995</u>	<u>8,777</u>
Total liabilities	<u><u>58,455,937</u></u>	<u><u>58,348,674</u></u>	<u><u>65,700,392</u></u>	<u><u>65,326,715</u></u>

13. ACCOUNTANTS' REPORT (cont'd)**27. SEGMENTAL INFORMATION (CONT'D)****Business Segments (cont'd)****Geographical Information**

Revenue information based on the geographical location of the customers is as follows:-

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Malaysia*	102,940,407	120,204,551	108,058,038	149,395,401
Saudi Arabia	3,481,883	27,746,577	56,489,504	42,728,825
China	254,924	4,760,310	21,049,803	154,339,209
Philippines	9,702,293	8,391,634	-	-
Indonesia	17,010	-	-	-
United Arab Emirates	-	206,845	849,478	2,680,561
	<u>116,396,517</u>	<u>161,309,917</u>	<u>186,446,823</u>	<u>349,143,996</u>

* The Company's home country.

Information about Major Customers

The followings are major customers with revenue equal or more than 10% of the Group's total revenue:-

Under processing and trading of frozen seafood products segment

	Revenue			
	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Customer A	-	22,433,255	32,498,171	53,795,707
Customer B	-	27,602,669	24,629,427	45,846,362
Customer C	-	-	19,710,180	37,334,880
	<u>-</u>	<u>50,035,924</u>	<u>76,837,778</u>	<u>136,976,949</u>

28. CAPITAL COMMITMENT

	<u>30.4.2019</u> RM	<u>30.4.2020</u> RM	<u>30.4.2021</u> RM	<u>30.4.2022</u> RM
Capital expenditure				
<u>Authorised and contracted for:</u>				
- Right-of-use assets	<u>567,000</u>	<u>567,000</u>	<u>1,188,406</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (cont'd)

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new share capital. No changes were made in the objective, policies or processes during the financial year.

30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

Coronavirus Disease 2019 ("Covid-19")

The global and domestic economies encountered unprecedented challenges during the financial year ended 30 April 2022 as a result of the continuing Covid-19 pandemic. The Malaysian government implemented several counter-measures by imposing strict lockdowns, movement restrictions and closing borders to curb the Covid-19 outbreak in Malaysia. Despite the challenges, the Group was not affected by the Covid-19 pandemic for the financial year ended 30 April 2022.

Given the fluidity of the situation, the Group will continuously monitor the impact of Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operation for the financial year ending 30 April 2023.

Borrowings' Securities

As disclosed in Note 12 to the financial statements, the Group's borrowing facilities are also secured by the guarantee from a Director of the Group, an individual connected to a Director of the Group, as well as corporate guarantee by the Company and companies in which a Director has interest ("collectively known as existing guarantees").

As part of the proposed initial public offering, the Group has written to the respective financiers to seek for their consent to discharge the existing guarantees and to substitute these guarantees to the Company.

13. ACCOUNTANTS' REPORT (cont'd)**30. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD (CONT'D)**Borrowings' Securities (cont'd)

As at the date of authorisation of the financial statements, the Group has obtained consents from certain financiers for the release of the existing guarantees which is conditional upon the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad and the renewed securities are stated as follow:-

<u>Existing guarantees</u>	<u>Renewed upon listing</u>	<u>Outstanding borrowings as at 30 April 2022</u> RM
(i) Secured by a Director of the Group; (ii) An individual connected to a Director of the Group; and (iii) Corporate guarantee by companies in which a Director has interest.	(i) Corporate guarantee by the Company.	38,054,448
(i) Secured by a Director of the Group; and (ii) An individual connected to a Director of the Group.	(i) Corporate guarantee by the Company; and (ii) Secured by a Director of the Group.	1,413,357
(i) Secured by a Director of the Group; (ii) An individual connected to a Director of the Group; and (iii) Corporate guarantee by the Company.	(i) Corporate guarantee by the Company.	6,583,485

13. ACCOUNTANTS' REPORT (cont'd)

PT RESOURCES HOLDINGS BERHAD

(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, the undersigned, being the Directors of the Group, do hereby state that, in our opinion, the accompanying financial statements set out on pages 4 to 71 are drawn up in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to give a true and fair view of the financial position as at 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022 and of its financial performance and its cash flows for the financial years ended 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022.



.....
HENG CHANG HOOI



.....
TAN SRI DATO' DR. SYED
JALALUDIN BIN SYED SALIM

Kuala Lumpur
1 August 2022

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**

PT RESOURCES HOLDINGS BERHAD
(Registration No.: 201901032139 (1341469-P))
(Incorporated in Malaysia)

**PRO FORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2022**

GRANT THORNTON MALAYSIA PLT
CHARTERED ACCOUNTANTS
Member Firm of Grant Thornton International Ltd.

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022
(cont'd)



**REPORTING ACCOUNTANTS' ASSURANCE REPORT ON
COMPILATION OF PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS AT 30 APRIL 2022**
(Prepared for inclusion in the Prospectus)

Grant Thornton Malaysia PLT
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Date: 1 August 2022

T +603 2692 4022
F +603 2691 5229

The Board of Directors
PT Resources Holdings Berhad
Tower K03-5-12, UOA Business Park
Jalan Pengatucara U1/51A
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan

Dear Sirs,

**PT RESOURCES HOLDINGS BERHAD ("COMPANY" OR "PT RESOURCES")
REPORT ON THE COMPILATION OF THE PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of the Company and its subsidiaries ("Group" or "PT Resources Group") as at 30 April 2022 together with the notes and assumptions thereto (which we have stamped for the purpose of identification), have been compiled and prepared by the Directors of the Company for inclusion in the prospectus of the Company ("Prospectus") in connection with the initial public offering ("IPO") and the listing of and quotation for the entire issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing").

The Pro Forma Consolidated Statements of Financial Position is prepared accordance with the requirements of Chapter 9 of the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("Prospectus Guidelines") and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants ("Applicable Criteria").

The Pro Forma Consolidated Statements of Financial Position as at 30 April 2022 have been compiled by the Directors of the Company, for illustrative purposes only, to illustrate the impact of the Listing on the financial position of the Group had the Listing been effected on 30 April 2022. As part of this process, information about the Group's Consolidated Statements of Financial Position has been extracted by the Directors of the Company ("Directors") from the Group's audited statements of financial position as at 30 April 2022, on which was reported by us to the members of PT Resources on 1 August 2022 without any modification.

Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors of the Company are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022
(cont'd)



Our Independence and Quality Control

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

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains 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 about whether the Pro Forma Consolidated Statements of Financial Position have been properly compiled, in all material respect, by the Directors on the basis of the Applicable Criteria.

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

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

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

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions enumerated in the notes thereto, and to obtain sufficient appropriate evidence about whether:

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

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**
(cont'd)



Reporting Accountants' Responsibilities (cont'd)

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

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

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

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the Applicable Criteria.

Other Matter

This letter has been prepared at your request for inclusion in the Prospectus in connection with the IPO and the Listing. It is not intended to be used for any other purposes. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur

LEE LEE PING
(NO: 03334/11/2023(J))
CHARTERED ACCOUNTANT

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

1. BASIS OF PREPARATION

The Pro Forma Consolidated Statements of Financial Position of PT Resources Holdings Berhad ("Company" or "PT Resources") and its subsidiaries (collectively referred to as "Group" or "PT Resources Group") has been prepared for illustrative purposes only.

The applicable criteria in the preparation of the Pro Forma Consolidated Statements of Financial Position are in accordance with Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia and the Guidance Note for Issuers of Pro Forma Financial Information issued by the Malaysian Institute of Accountants.

The Pro Forma Consolidated Statements of Financial Position of the Group has been prepared on the basis consistent with the accounting policies adopted by the Group for the financial year ended 30 April 2022, in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs") and adjusted for the event detailed in Note 2 to the Pro Forma Consolidated Statements of Financial Position.

Merger Method of Accounting

The Pro Forma Consolidated Statements of Financial Position are consolidated using the merger method as these companies are under the common control by the same party both before and after the acquisition of the Group. When the merger method is used, the difference between the cost of investment recorded by PT Resources and the share capital of the subsidiaries are accounted for as merger deficit in the Pro Forma Consolidated Statements of Financial Position.

The Group is regarded as a continuing entity resulting from the reorganisation exercise because the management of all the entities within the Group, which participated in the reorganisation exercise was under common control before and immediately after the reorganisation exercise. The Group has applied the merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

The audited financial statements of the Group as at 30 April 2022 were not subject to any audit qualification.

The Pro Forma Consolidated Statements of Financial Position, because of its nature, may not reflect the actual financial position of the Group. Further, such information does not predict the future financial position of the Group.

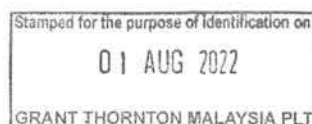
The Pro Forma Consolidated Statements of Financial Position as at 30 April 2022 are adjusted for the impact of the Listing Scheme as set out in Note 2.

2. EVENT AFTER THE FINANCIAL YEAR AND LISTING SCHEME

(i) Pro Forma I: Proposed Public Issue

The Listing involves a public issue of up to 135,000,000 new ordinary shares in PT Resources at an indicative issue price of RM0.36 per share.

In conjunction with the Listing, the Company would seek the listing of and quotation for its entire enlarged issued share capital comprising 535,020,000 ordinary shares in PT Resources on the ACE Market of Bursa Securities.



14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

2. EVENT AFTER THE FINANCIAL YEAR AND LISTING SCHEME (CONT'D)

(ii) Pro Forma II: Proposed Utilisation of Proceeds from the Listing

Gross proceeds from the IPO of RM48,600,000 are expected to be utilised as follows:

Details of utilisation	Estimated timeframe for utilisation upon listing	RM
Capital expenditure for new cold storage warehouse	Within 36 months	17,635,000
Working capital requirements	Within 12 months	27,175,000
Estimated listing expenses*	Within 3 months	3,790,000
Total estimated proceeds		48,600,000

* *The estimated listing expenses of RM812,492 arising from the issuance of new PT Resources Shares pursuant to the Listing are to be offset against the share capital and the remaining estimated listing expenses of RM2,977,508 will be expensed off to profit or loss and this represents one-off expenditure in conjunction with the IPO.*

Stamped for the purpose of identification on:
01 AUG 2022
GRANT THORNTON MALAYSIA PLT

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 on the assumption that these transactions were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Statements of Financial Position.

		Consolidated Statements of Financial Position as at 30 April 2022 RM	Adjustments for Proposed Public Issue RM	Pro Forma I After Proposed Public Issue RM	Adjustments for Proposed Utilisation of Proceeds from the Listing RM	Pro Forma II After Proposed Utilisation of Proceeds from the Listing RM
ASSETS						
Non-current assets						
Property, plant and equipment	3.01	20,481,741	-	20,481,741	17,635,000	38,116,741
Right-of-use assets	3.02	6,522,478	-	6,522,478	-	6,522,478
Fixed deposits with licensed banks	3.03	9,859,422	-	9,859,422	-	9,859,422
Total non-current assets		36,863,641	-	36,863,641	17,635,000	54,498,641
Current assets						
Inventories	3.04	11,623,366	-	11,623,366	-	11,623,366
Trade receivables	3.05	43,145,972	-	43,145,972	-	43,145,972
Other receivables	3.06	1,167,305	-	1,167,305	-	1,167,305
Tax recoverable	3.07	330,616	-	330,616	-	330,616
Fixed deposits with licensed banks	3.03	1,000	-	1,000	-	1,000
Cash and bank balances	3.08	45,525,551	48,600,000	94,125,551	(21,425,000)	72,700,551
Total current assets		101,793,810	48,600,000	150,393,810	(21,425,000)	128,968,810
Total assets		138,657,451	48,600,000	187,257,451	(3,790,000)	183,467,451

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

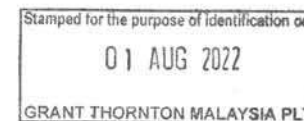
3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 on the assumption that these transactions were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Statements of Financial Position (cont'd).

		Consolidated Statements of Financial Position as at <u>30 April 2022</u> RM	Adjustments for Proposed Public <u>Issue</u> RM	Pro Forma I After Proposed <u>Public Issue</u> RM	Adjustments for Proposed Utilisation of Proceeds from <u>the Listing</u> RM	Pro Forma II After Proposed Utilisation of Proceeds from <u>the Listing</u> RM
EQUITY AND LIABILITIES						
EQUITY						
Equity attributable to owners of parent:-						
Share capital	3.09	20,001,000	48,600,000	68,601,000	(812,492)	67,788,508
Merger deficit	3.10	(13,400,000)	-	(13,400,000)	-	(13,400,000)
Retained earnings	3.11	66,729,736	-	66,729,736	(2,977,508)	63,752,228
Total equity		<u>73,330,736</u>	<u>48,600,000</u>	<u>121,930,736</u>	<u>(3,790,000)</u>	<u>118,140,736</u>
LIABILITIES						
Non-current liabilities						
Borrowings	3.12	10,965,260	-	10,965,260	-	10,965,260
Lease liabilities	3.13	3,294,421	-	3,294,421	-	3,294,421
Provision for restoration costs	3.14	1,336,074	-	1,336,074	-	1,336,074
Deferred tax liabilities	3.15	272,000	-	272,000	-	272,000
Total non-current liabilities		<u>15,867,755</u>	<u>-</u>	<u>15,867,755</u>	<u>-</u>	<u>15,867,755</u>

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES



3. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022 (CONT'D)

The Pro Forma Consolidated Statements of Financial Position of the Group as at 30 April 2022 as set out below are provided for illustrative purposes only to show the effects of the transactions as mentioned in Note 2 on the assumption that these transactions were completed on 30 April 2022, and should be read in conjunction with the accompanying notes to the Pro Forma Consolidated Statements of Financial Position (cont'd).

	Consolidated Statements of Financial Position as at 30 April 2022 RM	Adjustments for Proposed Public Issue RM	Pro Forma I After Proposed Public Issue RM	Adjustments for Proposed Utilisation of Proceeds from the Listing RM	Pro Forma II After Proposed Utilisation of Proceeds from the Listing RM	
EQUITY AND LIABILITIES (CONT'D)						
LIABILITIES (CONT'D)						
Current liabilities						
Trade payables	3.16	3,686,941	-	3,686,941	-	3,686,941
Other payables	3.17	9,276,222	-	9,276,222	-	9,276,222
Borrowings	3.12	35,924,924	-	35,924,924	-	35,924,924
Lease liabilities	3.13	562,096	-	562,096	-	562,096
Tax payable	3.18	8,777	-	8,777	-	8,777
Total current liabilities		<u>49,458,960</u>	<u>-</u>	<u>49,458,960</u>	<u>-</u>	<u>49,458,960</u>
Total liabilities		<u>65,326,715</u>	<u>-</u>	<u>65,326,715</u>	<u>-</u>	<u>65,326,715</u>
Total equity and liabilities		<u>138,657,451</u>	<u>48,600,000</u>	<u>187,257,451</u>	<u>(3,790,000)</u>	<u>183,467,451</u>
Issued ordinary share capital (Unit)	3.09	<u>400,020,000</u>	<u>135,000,000</u>	<u>535,020,000</u>	<u>-</u>	<u>535,020,000</u>
Net assets per share (RM)		<u>0.18</u>		<u>0.23</u>		<u>0.22</u>
Borrowings		<u>50,746,701</u>		<u>50,746,701</u>		<u>50,746,701</u>
Gearing ratio (times)		<u>0.69</u>		<u>0.42</u>		<u>0.43</u>

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.01 PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	20,481,741
Pursuant to the Proposed Utilisation of Proceeds from the Listing - Capital expenditure for new cold storage warehouse	<u>17,635,000</u>
As per Pro Forma II	<u><u>38,116,741</u></u>

3.02 RIGHT-OF-USE ASSETS

The movements of right-of-use assets are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u><u>6,522,478</u></u>

3.03 FIXED DEPOSITS WITH LICENSED BANKS

The movements of fixed deposits with licensed banks are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u><u>9,860,422</u></u>

3.04 INVENTORIES

The movements of inventories are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u><u>11,623,366</u></u>

Stamped for the purpose of identification on:
01 AUG 2022
GRANT THORNTON MALAYSIA PLT

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

3.05 TRADE RECEIVABLES

The movements of trade receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>43,145,972</u>

3.06 OTHER RECEIVABLES

The movements of other receivables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>1,167,305</u>

3.07 TAX RECOVERABLE

The movements of tax recoverable are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>330,616</u>

3.08 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:-

	<u>Amount</u> RM
At 30 April 2022	45,525,551
Pursuant to Proposed Public Issue	<u>48,600,000</u>
As per Pro Forma I	94,125,551
Pursuant to the Proposed Utilisation of Proceeds from the Listing	
- Capital expenditure for new cold storage warehouse	(17,635,000)
- Estimated listing expenses	<u>(3,790,000)</u>
As per Pro Forma II	<u>72,700,551</u>

14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)

3.09 SHARE CAPITAL

The movements of the issued share capital are as follows:-

	<u>Number of Shares</u> Unit	<u>Amount</u> RM
At 30 April 2022	400,020,000	20,001,000
Pursuant to Proposed Public Issue	<u>135,000,000</u>	<u>48,600,000</u>
As per Pro Forma I	535,020,000	68,601,000
Pursuant to the Proposed Utilisation of Proceeds from the Listing - Estimated listing expenses	<u>-</u>	<u>(812,492)</u>
As per Pro Forma II	<u><u>535,020,000</u></u>	<u><u>67,788,508</u></u>

3.10 MERGER DEFICIT

The movements of merger deficit are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u><u>(13,400,000)</u></u>

3.11 RETAINED EARNINGS

The movements of retained earnings are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I	66,729,736
Pursuant to the Proposed Utilisation of Proceeds from the Listing - Estimated listing expenses	<u>(2,977,508)</u>
As per Pro Forma II	<u><u>63,752,228</u></u>

Stamped for the purpose of identification on:
01 AUG 2022
GRANT THORNTON MALAYSIA PLT

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

3.12 BORROWINGS

The movements of borrowings are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>46,890,184</u>

3.13 LEASE LIABILITIES

The movements of lease liabilities are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>3,856,517</u>

3.14 PROVISION FOR RESTORATION COSTS

The movements of provision for restoration costs are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>1,336,074</u>

3.15 DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>272,000</u>

Stamped for the purpose of identification on:
01 AUG 2022
GRANT THORNTON MALAYSIA PLT

**14. REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO
FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2022**
(cont'd)

PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

**NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(CONT'D)**

3.16 TRADE PAYABLES

The movements of trade payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>3,686,941</u>

3.17 OTHER PAYABLES

The movements of other payables are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>9,276,222</u>

3.18 TAX PAYABLE

The movements of tax payable are as follows:-

	<u>Amount</u> RM
At 30 April 2022/As per Pro Forma I/II	<u>8,777</u>

Stamped for the purpose of identification on:
01 AUG 2022
GRANT THORNTON MALAYSIA PLT

15. STATUTORY AND OTHER INFORMATION

15.1 Share Capital

- (i) None of the share capital of our Company or our subsidiaries are under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (ii) Save for the Pink Form Allocations as disclosed in Section 4.1.1(ii) of this Prospectus,
 - (a) no Directors, employees or business associates of our Group have been or are entitled to be given or have exercised any options to subscribe for any shares of our Company or our subsidiaries; and
 - (b) there is no scheme involving the employees of our Group in the shares of our Company or our subsidiaries.
- (iii) Save as disclosed in Sections 4.1.1 and 5 of this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company or our subsidiaries have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.
- (v) Save as disclosed in Section 15.3 of this Prospectus, there is no limitation on the right to own our Shares, including any limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares imposed by law or by our Constitution.

15.2 Extracts of Our Constitution

The following provisions are extracted from our Constitution and are qualified in its entirety by the provisions of our Constitution and by applicable law. Terms defined in our Constitution shall have the same meaning when used here unless they are otherwise defined here or the context otherwise requires.

(i) Remuneration, voting and borrowing powers of directors

Directors' remuneration

Clause 97 – Directors' remuneration

The fees of the Directors and any benefits payable to the Directors shall from time to time be determined by way of an ordinary resolution of the Company in general meeting and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine and in default of agreement equally, except that if a Director has held office for part only of the period in respect of which such fees are payable, such a Director shall be entitled only to that proportion of the fees as is related to the period during which he has held office PROVIDED ALWAYS that:

- (i) salaries, benefits and other emoluments payable to executive Director(s) pursuant to an employment contract or a contract of service need not be determined by the Company in general meeting but such salaries may not include a commission on or percentage of turnover;
- (ii) fees payable to non-executive Directors shall be a fixed sum and not by way of a commission on or percentage of profits or turnover; and
- (iii) any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 98 – Reimbursement of expenses

- (a) The Directors shall be entitled to be reimbursed for all travelling or expenses as may be incurred in attending meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors. In addition to the foregoing, a Director shall be entitled to such reasonable fixed allowance as may be determined by the Directors in respect of any attendance at any meeting and/or the performance of any duty or other things required of him as a Director.
- (b) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board provided that in the case of non-executive Directors, the said remuneration shall not include a commission on or percentage of profits or turnover. In the case of an executive Director, such fee may be either in addition to or in substitution for any director's fees payable to him from time to time.

Clause 124 – Remuneration of chief executive, executive Director, managing Director

The remuneration of the chief executive, executive Director, managing Director or any person holding an equivalent position, shall, from time to time be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but such remuneration shall not include a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement.

Voting and Borrowing Powers of our Directors

Clause 76 – Chairman's casting vote

In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Clause 102 – Director's borrowing powers

- (a) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or any related company (as defined under Section 7 of the Act) as may be thought fit subject always to the Act and/or the Listing Requirements.
- (b) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 116 – Votes by majority and Chairman to have casting vote

Subject to this Constitution, any question arising at any meeting of Directors shall be decided by a majority of votes of the Directors present and a determination by a majority of Directors shall for all purposes be deemed a determination of the Directors. In case of an equality of votes, the Chairman of the meeting shall have a second or casting vote except where at the meeting only two (2) Directors form a quorum and only such a quorum is present at the meeting or only two (2) Directors are competent to vote on the question at issue.

Clause 118 – Disclosure of interest

Every Director shall comply with the provisions of Sections 219 and 221 of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure, every Director shall state the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly, duties or interests might be created in conflict with his duty or interest as a Director of the Company. A general notice in writing, which complies with Section 221(4) of the Act or its equivalent, given to the Board by any Director shall be deemed to be sufficient declaration of interest in relation to the subject matter of the notice.

Clause 119 – Restriction on voting

Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted. A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

Clause 120 – Power to vote

A Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part, under a guarantee or indemnity or by the deposit of a security;
- (iii) any contract by a Director to subscribe for or underwrite shares or debentures of the Company; or
- (iv) any contract or arrangement with any other company in which he is interested only as an officer of the Company or as a holder of shares or other securities in that company.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

(iv) Changes to share capital

Clause 55 – Power to increase capital

The Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the issuance of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

Clause 56 – Offer of new shares

Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares and/or Securities in such manner as they think most beneficial to the Company. The Directors may likewise dispose of any new shares and/or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to any offer of new shares or Securities) cannot, in the opinion of the Directors be conveniently offered under this Constitution. Notwithstanding the above, the Directors shall not be required to offer any new ordinary shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time to be created to the holders of the existing shares where the said shares or Securities are to be issued as consideration or part consideration for the acquisition of shares or assets by the Company.

Clause 58 – Power to alter capital

Subject to the provisions of this Constitution and the Act, the Company may by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act;
- (iii) convert and/or re-classify any class of shares into any other class of shares; or
- (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Clause 59 – Power to reduce capital

The Company may by special resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Act and the Applicable Laws.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

(v) Transfer of securities

Clause 30 – Transfer of Securities

The transfer of any Deposited Securities shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of such listed Securities.

Clause 31 – No restriction on the transfer of fully paid Securities

Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

Clause 32 (a) – Refusal to register

The Central Depository may, in its absolute discretion, refuse to register any transfer of Deposited Security that does not comply with the Central Depositories Act and/or the Rules.

(vi) Rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights

Clause 6 – Allotment of shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares and subject to the provisions of this Constitution, the Act, any Applicable Laws, and to the provisions of any resolution of the Company, the Board may issue, allot or otherwise dispose of such shares to such persons at such price, on such terms and conditions, with such preferred, deferred or other special rights and subject to such restrictions and at such times as the Board may determine but the Board in making any issue of shares shall comply with the following conditions:

- (i) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (ii) no shares shall be issued which shall have the effect of transferring a controlling interest in the Company without the prior approval of the Members in general meetings;
- (iii) no Director shall participate in a scheme that involves a new issuance of shares or other convertible securities to employees unless the members in a general meeting have approved the specific allotment to be made to such Director; and
- (iv) except in the case of an issue of Securities on a pro-rata basis to all Members, placements undertaken in compliance with the Listing Requirements or issuance pursuant to a dividend reinvestment scheme, there shall be no issue of Securities to a Director, major shareholder, chief executive or person connected with any Director, major shareholder or chief executive (hereinafter referred to as the "interested Director", "interested major shareholder", "interested chief executive" or "interested person connected with a Director, major shareholder or chief executive" respectively) unless the Members in general meeting have approved of the specific allotment to be made to such aforesaid interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive, as the case may be. In this Constitution, "major shareholder", "chief executive" and "person connected with any Director, major shareholder or chief executive" shall have the meaning ascribed thereto in the Listing Requirements.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

Clause 9 – Variation of class rights

Subject to Section 91 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with:

- (i) the consent in writing of the holders of not less than seventy-five per centum (75%) of the total voting rights of the shareholders in that class; or
- (ii) the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting, the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two (2) persons holding or representing by proxy at least one-third of the number of the issued shares of the class excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll and shall be entitled on a poll to one vote for every such share held by him. For adjourned meetings, quorum is one (1) person present holding shares of such class. To every such special resolution, the provisions of Section 292 of the Act shall with such adaptations as are necessary, apply.

Clause 10 – Ranking of class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.

15.3 Deposited Securities and Rights of Depositors

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, arising from, such Shares.

15.4 Public Take-Overs

During the last financial year and up to the LPD, there were no:

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Group in respect of other companies' shares.

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

15.5 Material Contracts

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (i) sale and purchase agreement dated 15 April 2019 entered into between Meng How (M) and MHC in respect of the sale of a fishing vessel by MHC to Meng How (M) for a consideration of RM5,884,073.38. This sale and purchase agreement was completed on 15 April 2020;
- (ii) share swap and restructuring agreement dated 6 August 2020 entered into between the vendors and our Company in relation to the Acquisitions, which were completed on 22 December 2020. Please refer to Section 5.4.2 of this Prospectus for further details;
- (iii) settlement agreement dated 7 August 2020 entered into between PK Agro – Industrial Products (M) Sdn Bhd (“**PK Agro**”), MO, Heng Chang Hooi and Heng Cho Seng in respect of a total amount of RM2,895,241.92 owed by MO to PK Agro. The amount represents outstanding trade debts together with interests owed by MO to PK Agro which was not paid earlier due to a dispute in the amount of poultry received from PK Agro. This settlement agreement was completed on 28 June 2021 whereon the total amount owed by MO to PK Agro was fully settled; and
- (iv) the Underwriting Agreement.

15.6 Material Litigation

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

15.7 Consents

- (i) Our Principal Adviser, Solicitors, Share Registrar, Issuing House and Company Secretaries have given and have not subsequently withdrawn their written consents before the date of issue of this Prospectus with the inclusion of their names and all references thereto in the form, manner and context in which they are included in this Prospectus.
- (ii) Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consents before the date of issue of this Prospectus with the inclusion of their names and all references thereto, the Accountants’ Report and the Reporting Accountants’ Assurance Report on Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 April 2022 in the form, manner and context in which they are included in this Prospectus.
- (iii) Our IMR has given and has not subsequently withdrawn its written consent before the date of issue of this Prospectus with the inclusion of its name and all references thereto and the IMR Report in the form, manner and context in which they are included in this Prospectus.

15.8 Documents Available for Inspection

Copies of the following documents may be inspected at our registered office during office hours for a period of 6 months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report as included in Section 7 of this Prospectus;
- (iii) the Accountants’ Report as included in Section 13 of this Prospectus;

15. STATUTORY AND OTHER INFORMATION *(cont'd)*

- (iv) the Reporting Accountants' Assurance Report on Compilation of Pro Forma Consolidated Statements of Financial Position as at 30 April 2022 as included in Section 14 of this Prospectus;
- (v) the audited financial statements of our Company for the period from 6 September 2019 (date of incorporation) to 30 April 2020, FYE 2021 and FYE 2022;
- (vi) the audited financial statements of our subsidiaries for the FYE 2019, FYE 2020, FYE 2021 and FYE 2022;
- (vii) our material contracts referred to in Section 15.5 of this Prospectus;
- (viii) the LKIM Lease Agreement and Heng Chang Hooi's written undertaking referred to in Section 6.19 of this Prospectus; and
- (ix) the letters of consent referred to in Section 15.7 of this Prospectus.

15.9 Responsibility Statements

This Prospectus has been seen and approved by our Directors and Promoter and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Mercury Securities, being our Principal Adviser, Underwriter and Placement Agent acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

16.1 Opening and Closing of Application Period

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 30 AUGUST 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 12 SEPTEMBER 2022

Applications for our IPO Shares will open and close at the times and dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia.

Late Applications will not be accepted.

16.2 Methods of Application

16.2.1 Application for our IPO Shares by the Malaysian Public and Eligible Persons

<u>No.</u>	<u>Types of Application and category of investors</u>	<u>Application method</u>
(a)	Applications by Malaysian Public:	
	(i) Individuals	White Application Form or Electronic Share Application or Internet Share Application
	(ii) Non-Individuals	White Application Form only
(b)	Applications by Eligible Persons	Pink Application Form only

16.2.2 Application by selected investors via placement

<u>No.</u>	<u>Types of Application</u>	<u>Application method</u>
(a)	Applications by selected investors	The Placement Agent will contact the selected investors directly. They should follow the Placement Agent's instructions.
(b)	Applications by Bumiputera investors approved by MITI	MITI will contact the Bumiputera investors directly. They should follow MITI's instructions.

Selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.3 Eligibility

16.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the authorised depository agents (“**ADA**”) set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.

AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.

16.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfil all of the following:

- (i) You must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
 - (a) White Application Form;
 - (b) Electronic Share Application; or
 - (c) Internet Share Application.

16.3.3 Application by Eligible Persons

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocations as well as detailed procedures on how to subscribe to the allocated IPO Shares. The Eligible Persons must follow the notes and instructions in the said documents and where relevant, in our Prospectus.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.4 Application by Way of Application Forms

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.36 for each IPO Share.

Payment must be made out in favour of “**TIH SHARE ISSUE ACCOUNT NO. 726**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided to the following address:

Tricor Investor & Issuing House Services Sdn Bhd
(Registration No. 197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the Tricor Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan,

so as to arrive not later than 5.00 p.m. on 12 September 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

16.5 Application by Way of Electronic Share Applications

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

16.6 Application by Way of Internet Share Applications

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

16.7 Authority of Our Board and Our Issuing House

Our Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 16.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.8 Over/Under-Subscription

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of Applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of our Shares and the balloting results in connection therewith will be furnished by our Issuing House to Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

In the event of an under-subscription of our IPO Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation as set out in Sections 4.1.1(i) and 4.1.1(ii) of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by our Underwriter based on the terms of the Underwriting Agreement.

16.9 Unsuccessful/Partially Successful Applicants

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

16.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

16.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5th Market Day from the balloting date.

16. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(cont'd)*

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Internet Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions or Internet Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

16.10 Successful Applicants

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as prescribed securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

16.11 Enquiries

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. +603 2783 9299
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at our Issuing House's website at <https://tiih.online>, 1 Market Day after the balloting date.

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.