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.

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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

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**

	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.

12.2 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
	91,107	78.3	138,727	86.0	165,811	89.0	321,500	92.1
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
	25,289	21.7	22,583	14.0	20,636	11.0	27,644	7.9
Total	**116,396**	**100.0**	**161,310**	**100.0**	**186,447**	**100.0**	**349,144**	**100.0**

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	*	-	-	-	-	-	-
	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**

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.

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.

12.2.3 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.

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**

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.

12.2.5 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.

12.2.6 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
	7,999	100.0	9,400	92.5	9,544	104.7	18,206	101.4
Impairment loss/(gain) of financial assets, net	-	-	759	7.5	(430)	(4.7)	(246)	(1.4)
Total	**7,999**	**100.0**	**10,159**	**100.0**	**9,114**	**100.0**	**17,960**	**100.0**

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.

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.

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.

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

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.

12.2.10 PBT 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.

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.

12.2.11Key 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.

(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.

The ageing analysis of our Group's trade receivables as at 30 April 2022 is as follows:

		Past due					
	Not past due	1-30 days	31-60 days	61-90 days	91-120 days	More than 120 days	Total
	RM'000	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.

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				
	Not past due	**1-30 days**	**31-60 days**	**61-90 days**	**More than 90 days**	**Total**
	RM'000	**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

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.

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**

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.

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.

12.4.2Cash 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.

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[TM]" 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.

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.

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.

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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	Interest rate	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years	Total
		Year	%	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.

12.4.4 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.

12.6 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.

12.7 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.

12.11 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:

	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**
Dividend paid/declared	-	5,500	-	-	-

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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.

Grant Thornton

Date: 1 August 2022

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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,

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.

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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.

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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)

LUI LEE PING
(NO: 03334/11/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur

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

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)

	Note	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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
Total current liabilities		39,437,139	41,484,735	48,152,701	49,458,960
Total liabilities		58,455,937	58,348,674	65,700,392	65,326,715
TOTAL EQUITY AND LIABILITIES		87,792,050	94,411,902	117,919,806	138,657,451

The accompanying notes form an integral part of the financial statements.

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

	Note	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Revenue	20	116,396,517	161,309,917	186,446,823	349,143,996
Cost of sales		(90,616,125)	(136,247,157)	(157,717,049)	(310,529,989)
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		-	(759,084)	430,459	245,903
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		(2,218,594)	(2,657,046)	(2,993,970)	(2,661,208)
Profit before tax	21	16,299,614	12,751,934	17,368,962	21,294,764
Tax expense	22	(1,069,504)	(525,819)	(1,312,774)	(183,442)
Profit/Total comprehensive income for the financial year		15,230,110	12,226,115	16,056,188	21,111,322

The accompanying notes form an integral part of the financial statements.

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 capital RM	Merger deficit RM	Retained earnings RM	Total 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	20,001,000	(13,400,000)	66,729,736	73,330,736

The accompanying notes form an integral part of the financial statements.

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

PT RESOURCES HOLDINGS BERHAD
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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		(6,930,139)	(1,094,904)	(637,898)	(393,272)
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		102,090	(16,546,239)	(2,806,333)	(3,049,862)
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	932,774	6,446,634	26,366,186	43,686,702

PT RESOURCES HOLDINGS BERHAD
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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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Total purchase	6,958,639	1,094,904	1,109,207	239,468
Less: Provision for restoration costs capitalised	(28,500)	-	(565,809)	-
Cash payment	6,930,139	1,094,904	543,398	239,468

B. PURCHASE OF RIGHT-OF-USE ASSETS

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Total purchase	195,347	547,058	1,454,396	1,262,033
Less: Acquisition by way of lease liabilities	(195,347)	(547,058)	(824,396)	(1,101,427)
Less: Acquisition by way of term loan	-	-	(535,500)	-
Cash payment	-	-	94,500	160,606

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	(1,748,220)	(3,635,450)	(4,091,686)	(1,839,849)
	7,153,802	15,648,213	36,884,436	53,546,124
Less: Fixed deposits pledged	(6,221,028)	(9,201,579)	(10,518,250)	(9,859,422)
Cash payment	932,774	6,446,634	26,366,186	43,686,702

The accompanying notes form an integral part of the financial statements.

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 Pengatucara 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
Subsidiaries				
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.

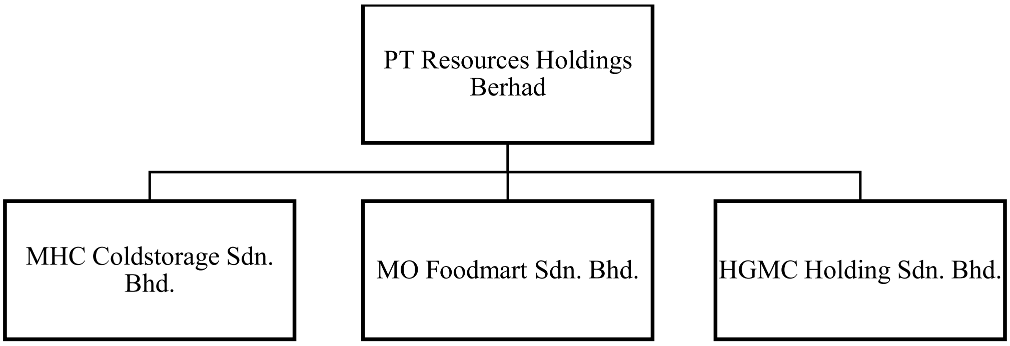
There was no significant change in the nature of the principal activities of PT Resources and its subsidiaries ("Group") during the financial years ended 30 April 2019, 30 April 2020, 30 April 2021 and 30 April 2022 under audit of this report.

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.

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.

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

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.

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.

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.

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.

<u>Merger Method</u>

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.

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.

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.

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.

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).

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.

<u>*Financial Liabilities at Amortised Cost*</u>

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.

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.

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.

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.

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.

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.

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.

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 rose 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.

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.

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.

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.

4. **PROPERTY, PLANT AND EQUIPMENT**

	Freehold land RM	Buildings RM	Motor vehicles and fishing vessel RM	Factory equipment and machinery RM	Office and other equipment and fittings RM	Tools and renovations RM	Total 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

4. **PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Freehold land RM	Buildings RM	Motor vehicles and fishing vessel RM	Factory equipment and machinery RM	Office and other equipment and fittings RM	Tools and renovations RM	Total 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.

5. **RIGHT-OF-USE ASSETS**

	Leasehold land RM	Leasehold land and building RM	Motor vehicles RM	Shop equipment RM	Leased outlets and office RM	Total 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

5. **RIGHT-OF-USE ASSETS (CONT'D)**

	Leasehold land RM	Leasehold land and building RM	Motor vehicles RM	Shop equipment RM	Leased outlets and office RM	Total 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.

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Leasehold land	2,628,037	2,570,364	2,512,691	2,455,018
Leasehold land and building	-	-	630,000	630,000
	2,628,037	2,570,364	3,142,691	3,085,018

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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Trading goods	567,981	1,772,371	1,916,867	3,174,963
Finished goods	5,165,228	3,305,909	6,244,596	8,448,403
	5,733,209	5,078,280	8,161,463	11,623,366
Recognised in profit or loss:-				
Inventories recognised in cost of sales	86,808,360	129,748,867	152,934,265	294,778,046

8. TRADE RECEIVABLES

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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)
	31,766,562	39,745,581	39,136,441	43,145,972

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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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)	-
	11,357,229	1,402,266	1,305,957	1,167,305

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.

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**

	30.4.2019 Unit	30.4.2020 Unit	30.4.2021 Unit	30.4.2022 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	6,500,002	6,501,002	400,020,000	400,020,000

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	6,500,002	6,501,002	20,001,000	20,001,000

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.

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:-

	30.4.2021 RM
Total consideration	20,000,000
Less: Nominal value of the subsidiaries' share capital	(6,600,000)
Merger deficit	13,400,000

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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Non-current				
Secured:-				
Term loans	15,107,772	13,046,487	13,077,758	10,965,260
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	-	-	498,587	303,394
	24,744,678	31,973,643	42,311,129	35,924,924
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	-	5,173,313	4,672,697	4,423,207
	39,852,450	45,020,130	55,388,887	46,890,184

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.

	30.4.2019	30.4.2020	30.4.2021	30.4.2022
	%	%	%	%
Effective interest rate:-				
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

	30.4.2019	30.4.2020	30.4.2021	30.4.2022
	RM	RM	RM	RM
Current	620,948	687,986	652,282	562,096
Non-current	3,252,807	3,034,444	2,997,560	3,294,421
	3,873,755	3,722,430	3,649,842	3,856,517

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:-

	30.4.2019	30.4.2020	30.4.2021	30.4.2022
	RM	RM	RM	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	5,959,340	5,649,999	5,476,065	5,593,432

13. LEASE LIABILITIES (CONT'D)

The expenses relating to payments not included in the measurement of lease liabilities is as follows:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Short-term leases	510,535	476,014	62,801	735,909
Low-value assets	17,526	39,680	42,733	138,376
	528,061	515,694	105,534	874,285

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Motor vehicles	402,011	318,969	366,184	1,026,097

14. PROVISION FOR RESTORATION COSTS

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Current	43,500	-	15,000	-
Non-current	430,219	515,008	1,208,373	1,336,074
	473,719	515,008	1,223,373	1,336,074

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	-	(15,000)	(28,500)	-
Carried forward	473,719	515,008	1,223,373	1,336,074

15. **DEFERRED TAX LIABILITIES**

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Brought forward	(283,000)	228,000	268,000	264,000
Recognised in profit or loss	511,000	40,000	(4,000)	8,000
Carried forward	228,000	268,000	264,000	272,000

The components and movement of the Group's deferred tax assets/(liabilities) are as follows:-

	Provision RM	Unabsorbed business losses RM	Unutilised capital allowance RM	Contract liabilities RM	Property, plant and equipment RM	Total RM
At 1 May 2018	-	380,000	-	-	(97,000)	283,000
Recognised in profit or loss	-	(380,000)	-	9,000	(140,000)	(511,000)
At 30 April 2019	-	-	-	9,000	(237,000)	(228,000)
Recognised in profit or loss	-	-	51,000	9,000	(100,000)	(40,000)
At 30 April 2020	-	-	51,000	18,000	(337,000)	(268,000)
Recognised in profit or loss	-	-	14,000	11,000	(21,000)	4,000
At 30 April 2021	-	-	65,000	29,000	(358,000)	(264,000)
Recognised in profit or loss	52,000	-	(65,000)	(29,000)	34,000	(8,000)
At 30 April 2022	52,000	-	-	-	(324,000)	(272,000)

Presented after appropriate offsetting as follows:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Deferred tax assets (before offsetting)	(9,000)	(69,000)	(94,000)	(52,000)
Offsetting	9,000	69,000	94,000	52,000
Deferred tax assets (after offsetting)	-	-	-	-
Deferred tax liabilities (before offsetting)	237,000	337,000	358,000	324,000
Offsetting	(9,000)	(69,000)	(94,000)	(52,000)
Deferred tax liabilities (after offsetting)	228,000	268,000	264,000	272,000

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.

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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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
	3,358,150	3,016,925	2,856,695	9,276,222

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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Loyalty program	34,625	75,451	120,440	-

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.

18. CONTRACT LIABILITIES (CONT'D)

Movement of contract liabilities as at the end of each reporting year are as follows:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	34,625	75,451	120,440	-

19. AMOUNT DUE TO DIRECTORS

Amount due to Directors was non-trade in nature, unsecured and non-interest bearing.

20. REVENUE

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Revenue recognised at a point in time:				
- Sales of frozen seafood and other products	116,396,517	161,309,917	186,446,823	349,143,996
Primary geographical market:				
- 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
	116,396,517	161,309,917	186,446,823	349,143,996

21. PROFIT BEFORE TAX

Profit before tax has been determined after charging/(crediting), amongst other items, the following:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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)
	558,504	485,819	1,316,774	175,442
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)
	511,000	40,000	(4,000)	8,000
Total	1,069,504	525,819	1,312,774	183,442

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Profit before tax	16,299,614	12,751,934	17,368,962	21,294,764
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	-	11,000	(36,000)	(67,000)
	1,069,504	525,819	1,312,774	183,442

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.

23. **EMPLOYEE BENEFITS EXPENSE**

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Staffs' remuneration				
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	3,878	11,871	2,198	3,126
Total	3,086,666	3,767,801	2,614,733	3,429,536
Directors' remuneration				
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	55	95	125	127
Total	384,338	258,524	299,201	1,550,269
Grand total	3,471,004	4,026,325	2,913,934	4,979,805

24. **RELATED PARTY DISCLOSURES**

(a) Significant related party transactions for the financial year were as follows:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Related parties:-				
Sales	2,604,201	4,327,400	-	-
Purchases	287,839	14,854,358	-	-
Disposal of property, plant and equipment	5,884,073	-	-	-
Individual connected to a Director:-				
Rental expense	80,400	73,700	26,800	-

(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.

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.

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Directors' remuneration	384,338	258,524	299,201	1,550,269
Directors' fees	35,000	41,355	-	-
Total	419,338	299,879	299,201	1,550,269
Other key management personnel				
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	-	24	261	285
Total	-	39,543	310,473	617,154
Grand total	419,338	339,422	609,674	2,167,423

25. **FINANCIAL INSTRUMENTS**

25.1 **Categories of Financial Instruments**

The table below provides an analysis of financial instruments measured at amortised cost.

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	2,680,994	10,082,084	30,457,872	45,525,551
	51,724,730	60,090,188	81,138,624	99,634,555

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).

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	39,852,450	45,020,130	55,388,887	46,890,184
	53,789,922	53,757,990	59,856,742	59,853,347

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.

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:-

	Gross carrying amount RM	Expected credit loss RM	Net carrying amount 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
	31,766,562	-	31,766,562
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
	40,469,966	(724,385)	39,745,581

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):-

	Gross carrying amount RM	Expected credit loss RM	Net carrying amount 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
	39,430,367	(293,926)	39,136,441
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)	-
	43,228,694	(82,722)	43,145,972

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.

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:-

	30.4.2019		30.4.2020		30.4.2021		30.4.2022	
	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
	-	-	9,678,812	24	31,579,453	81	28,541,389	66

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.

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:-

			←	**Maturity**		→
	Carrying amount RM	Contractual cash flow RM	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
	57,663,677	64,004,732	40,413,366	3,566,413	7,226,203	12,798,750
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
	57,480,420	62,847,218	42,451,158	3,421,166	8,545,069	8,429,825
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
	63,506,584	68,020,749	48,382,062	3,287,106	8,975,417	7,376,164
Performance bond*	300,000	300,000	300,000	-	-	-

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):-

			←	Maturity		→
	Carrying amount RM	Contractual cash flow RM	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
	63,709,864	67,362,986	50,278,466	3,218,364	9,998,418	3,867,738
Performance bond*	300,000	300,000	300,000	-	-	-

* 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.

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Fixed rate instruments				
Financial asset				
Fixed deposits with licensed banks	6,221,028	9,201,579	10,518,250	9,860,422
Financial liabilities				
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)
	(24,966,830)	(29,837,983)	(39,225,848)	(35,471,499)
	(18,745,802)	(20,636,404)	(28,707,598)	(25,611,077)
Floating rate instrument				
Financial liabilities				
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)
	(18,759,375)	(18,904,577)	(19,812,881)	(15,275,202)

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.

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	-50bp
	RM	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:-

	30.4.2019	30.4.2020	30.4.2021	30.4.2022
	RM	RM	RM	RM
Denominated in USD				
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)
	2,188,651	1,005,651	36,814,926	19,174,129

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:-

	Impact on profit/equity Increase/(Decrease)	
	+1%	-1%
	RM	RM
RM/USD		
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.

26. **RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	1.5.2018	Recognition of right-of-use assets	Cash flows	30.4.2019
	RM	RM	RM	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
	23,383,185	195,347	1,971,783	25,550,315

	1.5.2019	Recognition of right-of-use assets	Early termination	Cash flows	30.4.2020
	RM	RM	RM	RM	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)	-
	25,550,315	547,058	(14,724)	(7,091,092)	18,991,557

	1.5.2020	Recognition of right-of-use assets	Early termination	Rent concessions	Cash flows	30.4.2021
	RM	RM	RM	RM	RM	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
	18,991,557	1,359,896	(192,492)	(51,767)	(736,157)	19,371,037

26. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

	1.5.2021 RM	Recognition of right-of-use assets RM	Early termination RM	Rent concessions RM	Cash flows RM	30.4.2022 RM
Lease liabilities	3,649,842	1,101,427	(116,972)	(75,808)	(701,972)	3,856,517
Term loans	15,721,195	-	-	-	(2,285,842)	13,435,353
	19,371,037	1,101,427	(116,972)	(75,808)	(2,987,814)	17,291,870

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.

27. **SEGMENTAL INFORMATION (CONT'D)**

Business Segments (cont'd)

	Note	Processing and trading of frozen seafood products RM	Trading of other products RM	Adjustments RM	Total 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		102,116,519	37,389,396	(23,109,398)	116,396,517
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)				17,109,681
Assets					
Additions to non-current assets other than deferred tax assets	(d)				7,153,986
Segment assets	(e)				87,145,925
Liabilities					
Segment liabilities	(f)				14,445,816

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

27. **SEGMENTAL INFORMATION (CONT'D)**

Business Segments (cont'd)

	Note	Processing and trading of frozen seafood products RM	Trading of other products RM	Adjustments RM	Total RM
30.4.2020					
Revenue					
External revenue		138,727,441	22,582,476	-	161,309,917
Inter-segment revenue	(a)	26,422,169	5,710,415	(32,132,584)	-
Total revenue		165,149,610	28,292,891	(32,132,584)	161,309,917
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)				14,726,845
Assets					
Additions to non-current assets other than deferred tax assets	(d)				1,641,962
Segment assets	(e)				94,050,587
Liabilities					
Segment liabilities	(f)				9,328,319

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

27. SEGMENTAL INFORMATION (CONT'D)

Business Segments (cont'd)

	Note	Processing and trading of frozen seafood products RM	Trading of other products RM	Adjustments RM	Total 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		175,792,698	28,229,074	(17,574,949)	186,446,823
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)				18,798,048
Assets					
Additions to non-current assets other than deferred tax assets	(d)				2,563,603
Segment assets	(e)				117,903,869
Liabilities					
Segment liabilities	(f)				5,811,668

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

27. **SEGMENTAL INFORMATION (CONT'D)**

Business Segments (cont'd)

	Note	Processing and trading of frozen seafood products RM	Trading of other products RM	Adjustments RM	Total RM
30.4.2022					
Revenue					
External revenue		321,500,058	27,643,938	-	349,143,996
Inter-segment revenue	(a)	24,479,064	9,296,653	(33,775,717)	-
Total revenue		345,979,122	36,940,591	(33,775,717)	349,143,996
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)				23,554,624
Assets					
Additions to non-current assets other than deferred tax assets	(d)				1,501,501
Segment assets	(e)				138,326,835
Liabilities					
Segment liabilities	(f)				14,299,237

* The breakdown of segment results between processing and trading of frozen seafood products and trading of other products are not available.

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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
	(202,341)	(548,377)	523,511	447,891

(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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	(2,218,594)	(2,657,046)	(2,993,970)	(2,661,208)
Profit after tax	15,230,110	12,226,115	16,056,188	21,111,322

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:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Property, plant and equipment	6,958,639	1,094,904	1,109,207	239,468
Right-of-use assets	195,347	547,058	1,454,396	1,262,033
	7,153,986	1,641,962	2,563,603	1,501,501

(e) The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Segment assets	87,145,925	94,050,587	117,903,869	138,326,835
Tax recoverable	646,125	361,315	15,937	330,616
Total assets	87,792,050	94,411,902	117,919,806	138,657,451

(f) The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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	55,916	9,795	585,995	8,777
Total liabilities	58,455,937	58,348,674	65,700,392	65,326,715

27. SEGMENTAL INFORMATION (CONT'D)

Business Segments (cont'd)

Geographical Information

Revenue information based on the geographical location of the customers is as follows:-

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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
	116,396,517	161,309,917	186,446,823	349,143,996

* 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			
	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 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
	-	50,035,924	76,837,778	136,976,949

28. CAPITAL COMMITMENT

	30.4.2019 RM	30.4.2020 RM	30.4.2021 RM	30.4.2022 RM
Capital expenditure				
Authorised and contracted for:				
- Right-of-use assets	567,000	567,000	1,188,406	-

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.

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:-

Existing guarantees	Renewed upon listing	Outstanding borrowings as at 30 April 2022 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

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

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.

Grant Thornton

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

T +603 2692 4022
F +603 2691 5229

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

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.

GrantThornton

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.

GrantThornton

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)

LUI LEE PING
(NO: 03334/11/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur

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.

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01 AUG 2022
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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.*

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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 conjuction 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

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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 conjuction 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						
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		73,330,736	48,600,000	121,930,736	(3,790,000)	118,140,736
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		15,867,755	-	15,867,755	-	15,867,755

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PT RESOURCES HOLDINGS BERHAD AND ITS SUBSIDIARIES

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01 AUG 2022
GRANT THORNTON MALAYSIA PLT

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 conjuction 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	Adjustments for Proposed Public Issue	Pro Forma I After Proposed Public Issue	Adjustments for Proposed Utilisation of Proceeds from the Listing	Pro Forma II After Proposed Utilisation of Proceeds from the Listing
		RM	RM	RM	RM	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		49,458,960	-	49,458,960	-	49,458,960
Total liabilities		65,326,715	-	65,326,715	-	65,326,715
Total equity and liabilities		138,657,451	48,600,000	187,257,451	(3,790,000)	183,467,451
Issued ordinary share capital (Unit)	3.09	400,020,000	135,000,000	535,020,000	-	535,020,000
Net assets per share (RM)		0.18		0.23		0.22
Borrowings		50,746,701		50,746,701		50,746,701
Gearing ratio (times)		0.69		0.42		0.43

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:-

	Amount 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	17,635,000
As per Pro Forma II	38,116,741

3.02 RIGHT-OF-USE ASSETS

The movements of right-of-use assets are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	6,522,478

3.03 FIXED DEPOSITS WITH LICENSED BANKS

The movements of fixed deposits with licensed banks are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	9,860,422

3.04 INVENTORIES

The movements of inventories are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	11,623,366

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:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	43,145,972

3.06 OTHER RECEIVABLES

The movements of other receivables are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	1,167,305

3.07 TAX RECOVERABLE

The movements of tax recoverable are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	330,616

3.08 CASH AND BANK BALANCES

The movements of cash and bank balances are as follows:-

	Amount RM
At 30 April 2022	45,525,551
Pursuant to Proposed Public Issue	48,600,000
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	(3,790,000)
As per Pro Forma II	72,700,551

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:-

	Number of Shares Unit	Amount RM
At 30 April 2022	400,020,000	20,001,000
Pursuant to Proposed Public Issue	135,000,000	48,600,000
As per Pro Forma I	535,020,000	68,601,000
Pursuant to the Proposed Utilisation of Proceeds from the Listing		
- Estimated listing expenses	-	(812,492)
As per Pro Forma II	535,020,000	67,788,508

3.10 MERGER DEFICIT

The movements of merger deficit are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	(13,400,000)

3.11 RETAINED EARNINGS

The movements of retained earnings are as follows:-

	Amount 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	(2,977,508)
As per Pro Forma II	63,752,228

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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:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	46,890,184

3.13 LEASE LIABILITIES

The movements of lease liabilities are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	3,856,517

3.14 PROVISION FOR RESTORATION COSTS

The movements of provision for restoration costs are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	1,336,074

3.15 DEFERRED TAX LIABILITIES

The movements of deferred tax liabilities are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	272,000

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:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	3,686,941

3.17 OTHER PAYABLES

The movements of other payables are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	9,276,222

3.18 TAX PAYABLE

The movements of tax payable are as follows:-

	Amount RM
At 30 April 2022/As per Pro Forma I/II	8,777

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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

<u>Directors' remuneration</u>

<u>Clause 97 – Directors' remuneration</u>

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.

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.

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.

(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.

(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.

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.

15.5 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;

(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.

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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

No.	Types of Application and category of investors	Application method
(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

No.	Types of Application	Application method
(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.

16.3 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.

16.4 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 "**TIIH 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.

16.6 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).

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.

(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.