

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

9.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

9.1.1 Shareholdings of our Promoters and substantial shareholders

The direct and indirect shareholdings of our Promoters and substantial shareholders in our Company before and after the Pre-IPO Reorganisation Exercise and after our IPO are set out below:

Name	Before the Pre-IPO Reorganisation Exercise				After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Atreon ⁽⁴⁾	-	-	-	-	1,023,074,000	90.25	-	-	937,574,100	64.95	-	-
Norazlam Bin Norbi	89	89.00	-	-	24,232,124	2.14	1,023,074,000 ⁽⁵⁾	90.25	22,207,024	1.54	941,224,100 ⁽⁵⁾⁽⁶⁾	65.20
Toh Chee Seng	1	1.00	-	-	24,230,716	2.14	1,023,074,000 ⁽⁵⁾	90.25	22,205,716	1.54	937,574,100 ⁽⁵⁾	64.95
Ramli Bin Mohamad	10	10.00	-	-	5,384,760	0.47	-	-	4,934,760	0.34	-	-

Notes:

- (1) Computed based on our number of issued Shares of 100 Shares as at the date of incorporation.
- (2) Computed based on our number of issued Shares of 1,133,601,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (3) Computed based on our enlarged number of issued Shares of 1,443,601,600 Shares after our IPO.
- (4) Atreon is held by Norazlam Bin Norbi (45.00%), Toh Chee Seng (45.00%) and Ramli Bin Mohamad (10.00%).
- (5) Deemed interested by virtue of his shareholdings in Atreon pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of his spouse's and children's interests in our Company, assuming that they will fully subscribe for their respective allocation under the Pink Form Allocations, pursuant to Section 59(11)(c) of the Act.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

The Shares held by our Promoters and substantial shareholders do not have different voting rights from our other shareholders.

Save as disclosed above, there are no other person who is able to, directly or indirectly, jointly or severally exercise control over our Company.

As at the LPD, there is no arrangement between our Company, our Promoters and our substantial shareholders, with any third party of which may result in a change in control of our Company at a date subsequent to our IPO and our Listing.

9.1.2 Profile of our Promoters and substantial shareholders

9.1.2.1 Atreon

Promoter, substantial shareholder and Selling Shareholder

Atreon was incorporated in Malaysia under the Companies Act, 1965 on 16 April 2004 as a private limited company under the name, Sumisaujana Sdn Bhd and is deemed registered under the Act. Sumisaujana Sdn Bhd changed its name to Atreon Holdings Sdn Bhd on 31 March 2023. Atreon's principal activity is investment holding, manpower, trading, waste management, mining activities, supply of computer hardware as well as software and computer systems development and maintenance.

As at the LPD, the issued share capital of Atreon is RM14,378,303.85 comprising 10,000,000 ordinary shares.

As at the LPD, the directors and shareholders of Atreon are Norazlam Bin Norbi, Toh Chee Seng and Ramli Bin Mohamad. The shareholders of Atreon and the changes of the shareholdings for the past 4 years preceding the LPD are set out below:

FYE 2021:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Norazlam Bin Norbi	Malaysian	4,495,000	89.90	-	-
Toh Chee Seng	Malaysian	5,000	0.10	-	-
Ramli Bin Mohamad	Malaysian	500,000	10.00	-	-
Total		5,000,000	100.00		

FYE 2022:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Norazlam Bin Norbi	Malaysian	4,495,000	69.58	-	-
Toh Chee Seng	Malaysian	1,465,155	22.68	-	-
Ramli Bin Mohamad	Malaysian	500,000	7.74	-	-
Total		6,460,155	100.00		

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)
FYE 2023:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Norazlam Bin Norbi	Malaysian	4,495,000	69.58	-	-
Toh Chee Seng	Malaysian	1,465,155	22.68	-	-
Ramli Bin Mohamad	Malaysian	500,000	7.74	-	-
Total		6,460,155	100.00		

FYE 2024:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Norazlam Bin Norbi	Malaysian	4,500,000	45.00	-	-
Toh Chee Seng	Malaysian	4,500,000	45.00	-	-
Ramli Bin Mohamad	Malaysian	1,000,000	10.00	-	-
Total		10,000,000	100.00		

As at the LPD:

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of ordinary shares	%	No. of ordinary shares	%
Norazlam Bin Norbi	Malaysian	4,500,000	45.00	-	-
Toh Chee Seng	Malaysian	4,500,000	45.00	-	-
Ramli Bin Mohamad	Malaysian	1,000,000	10.00	-	-
Total		10,000,000	100.00		

9.1.2.2 Toh Chee Seng

Promoter, substantial shareholder, Selling Shareholder and Executive Deputy Chairman

Toh Chee Seng, a Malaysian aged 55, is our Promoter, substantial shareholder, Selling Shareholder and Executive Deputy Chairman. He was appointed as director of SSTCM on 21 August 2014 and Director of Sumisaujana on 5 July 2021. He is also a shareholder of Atreon who is our Promoter, substantial shareholder and Selling Shareholder. As our Executive Deputy Chairman, he is responsible for developing new business strategies and business development via marketing and maintaining our Group's business relationships with their customers and suppliers.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He obtained his Bachelor of Science in Chemical Engineering from the Mississippi State University, USA in May 1995. In May 2006, he completed the Executive Master's of Business Administration programme at INSEAD Business School, Asia Campus (Singapore).

He began his career in July 1995 by joining Dialog Group Berhad and its group of companies (a public company listed on the Main Market of Bursa Securities ("**Dialog Group**") under the employment of Dialog Services Sdn Bhd as a Technical Service/Sales Engineer where he was responsible for the sales and marketing of specialty chemicals and equipment for the O&G industry locally.

In August 2000, he was transferred to Dialog Systems Sdn Bhd and promoted as the International Marketing Manager where he was based in Singapore. His responsibilities expanded to include sales and marketing of specialty chemicals and equipment for the O&G industry internationally.

In November 2001, he was transferred to Dialog Systems Pte Ltd and promoted as the International Senior Marketing Manager where he remained based in Singapore. His responsibilities expanded to include sales and marketing for other services such as catalyst changeout services, shutdown and maintenance services for the other divisions within the Dialog Group.

In February 2006, he became a shareholder of Atreon and was subsequently appointed as a director in July 2014. His responsibilities as a director include forming new business strategies and driving business development through marketing initiatives.

In November 2008, he was promoted as the Senior Vice President, Specialist Products and Services Division of Dialog Group where he led and was responsible for overseeing the operations of the specialist products and services worldwide as well as penetrating new markets.

During his tenure in Dialog Group, he was a director of various Dialog Group entities (both in Malaysia and overseas). He left the Dialog Group in February 2015 but continued to serve as an Advisor with Dialog Systems (Labuan) Ltd, on a contractual basis for a year from March 2015 to February 2016. By April 2016, he ceased to be a director of the Dialog Group entities.

In addition, while he was preparing to depart from Dialog Group, he was appointed as a director of SSTCM in August 2014. Alongside Norazlam Bin Norbi and Ramli Bin Mohamad, he started formulating strategies for new business development and sharing his extensive knowledge in the O&G industry with our Group.

He also holds directorships in several private limited companies. Please refer to Section 9.2.4.1 of this Prospectus for further details of his directorships in other private limited companies.

He has no family relationships with any of the Promoters and substantial shareholders of our Company.

9.1.2.3 Norazlam Bin Norbi

Promoter, substantial shareholder, Selling Shareholder and Executive Director/Chief Executive Officer

Norazlam Bin Norbi, a Malaysian aged 58, is our Promoter, substantial shareholder, Selling Shareholder and Executive Director/Chief Executive Officer. He was appointed as director of SSTCM on 7 July 2010 and Director of Sumisaujana on 5 July 2021. He is also a shareholder of Atreon who is our Promoter, substantial shareholder and Selling Shareholder. As our Chief Executive Officer, he is responsible for the overall management of our Group, overseeing the human resource, finance, operations and sales and marketing functions of our Group.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

He obtained his Bachelor of Science (Honours) in Geology from the University of Malaya in August 1990. In October 2006, he completed the Advanced Industrial Marketing Programme at INSEAD Business School, Europe Campus (France).

He began his career in October 1990 by joining Shell group of companies under the employment of Sarawak Shell Berhad, a wholly-owned subsidiary of Shell PLC (a public company listed on the London Stock Exchange) as a Wellsite Operations Engineer/Assistant Drilling Supervisor where he was responsible for overseeing the offshore drilling activities in Sabah and Sarawak.

In May 1992, he was redesignated as Production Geologist in the Petroleum Engineering Luconia Department of Sarawak Shell Berhad where he was tasked to supervise the geological aspects relating to exploration, evaluation and production of O&G in Sabah and Sarawak. In July 1994, he was transferred to the Petroleum Engineering Balingian Department of Sarawak Shell Berhad and assumed the same role and responsibilities. In November 1995, he was transferred to Shell Malaysia Trading Sdn Bhd and redesignated as a Marketing Executive where he was involved in the sales and marketing of industrial gasoil, lubricants and grease.

In December 1996, he left Shell group of companies and joined Kota Minerals & Chemicals Sdn Bhd, a wholly-owned subsidiary of Scomi Group Berhad (a public company then listed on the Main Market of Bursa Securities) in January 1997 as Business Development Manager where he was tasked with overseeing a segment of the company's operations and handled the company's business development and marketing efforts.

In August 2002, he left Kota Minerals & Chemicals Sdn Bhd to rejoin Shell group of companies under the employment of Shell MDS (Malaysia) Sdn Bhd as the Manager of Distillates where he was responsible for overseeing the global marketing, business development and sales of gasoil, naphtha, kerosene, and drilling fluids. He was promoted to Manager of Drilling Fluids in April 2004 where he was responsible for the global sales and marketing of the company's drilling fluids products.

In January 2008, he left Shell MDS (Malaysia) Sdn Bhd to join Omni Technologies Sdn Bhd as the Managing Director in March 2008 where he was responsible for overseeing the company's operational aspects and marketing functions. He left Omni Technologies Sdn Bhd in December 2009. Simultaneously in March 2008, he also became a director and shareholder of Atreon. His responsibilities in Atreon include providing TCM Chemicals Inc assistance for the distribution of TCM Chemicals Inc's products into the O&G industry in the Asia Pacific region.

In July 2010, he founded SSTCM with a non-related party. He was the director and also was appointed as the chief executive officer at SSTCM where he assumed his current responsibilities. Together with Toh Chee Seng and Ramli Bin Mohamad, he has built up the business of our Group throughout the years in the manufacturing of O&G specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related services.

He also holds directorships in several private limited companies. Please refer to Section 9.2.4.2 of this Prospectus for further details of his directorships in other private limited companies.

He is the spouse of Arlin Binti Nasaruddin, the Chief Supply Chain Officer, a key senior management of our Group. He has no family relationships with any of the Promoters and substantial shareholders of our Company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.2.4 Ramli Bin Mohamad

Promoter, shareholder, Selling Shareholder and Executive Director/Chief Operating Officer

Ramli Bin Mohamad, a Malaysian aged 59, is our Promoter, shareholder, Selling Shareholder and Executive Director/Chief Operating Officer. He was appointed as director of SSTCM on 22 March 2022 and Director of Sumisaujana on 5 July 2021. He is also a shareholder of Atreon who is our Promoter, substantial shareholder and Selling Shareholder. As our Chief Operating Officer, he is responsible for the day-to-day operations of our Group, executing business strategies, managing the operational budget and optimising our Group's operational capabilities, including overseeing the R&D and Technologies department.

He obtained his Advanced Diploma in Law from Universiti Teknologi Mara in October 1991. In May 1992, he was admitted as an Advocate and Solicitor with the High Court of Malaya and became a member of the Bar Council Malaysia until December 2006.

In May 1992, he commenced his legal career as a Legal Assistant in Yacob & Rakan Rakan where he was involved in general litigation matters.

In April 1996, he left Yacob & Rakan Rakan to establish his own legal firm, Raja Badrol, Ramli & Azizi in May 1996. As the Partner of his firm, he was involved in general litigation and conveyancing matters.

In October 2001, he left Raja Badrol, Ramli & Azizi and became a Partner of Ramli Shahrir & Tajul where he was responsible for managing a range of legal matters.

In April 2005, he left Ramli Shahrir & Tajul and joined Wonderful Wire & Cable Berhad (a public company then listed on the Main Market of Bursa Securities) as their Senior Vice President where he was responsible for overseeing the management of the subsidiary of the holding company. He left in March 2006.

In August 2006, he joined Advanced Electronics (M) Sdn Bhd, an electrical products trader as their Deputy Chief Executive Officer where he was responsible for overseeing the overall administrative functions of the company. He then left in March 2008.

In October 2008, he joined Atreon as their Operations Director where he was responsible for overseeing the day-to-day operations in Atreon. He subsequently became a director and shareholder of Atreon in December 2016.

In September 2011, he joined SSTCM as General Manager where he was tasked with managing the day-to-day operations at our manufacturing plant in the Puncak Alam Factory and he was redesignated as the Chief Operating Officer in April 2023 where he assumed his current responsibilities.

He also holds directorships in several private limited companies. Please refer to Section 9.2.4.3 of this Prospectus for further details of his directorships in other private limited companies.

He has no family relationships with any of the Promoters and substantial shareholders of our Company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.1.3 Changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 4 years

The changes in our Promoters' and substantial shareholders' shareholdings in our Company for the past 4 years preceding the LPD and after our IPO are set out below:

Name	As at 31 December 2021, 31 December 2022 and 31 December 2023 ⁽¹⁾				As at 31 December 2024 ⁽¹⁾			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽³⁾	No. of Shares	% ⁽³⁾
Atreon ⁽⁶⁾	-	-	-	-	-	-	-	-
Norazlam Bin Norbi	89	89.00	-	-	1,424	89.00	-	-
Toh Chee Seng	1	1.00	-	-	16	1.00	-	-
Ramli Bin Mohamad	10	10.00	-	-	160	10.00	-	-

Name	After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁴⁾	No. of Shares	% ⁽⁵⁾	No. of Shares	% ⁽⁵⁾
Atreon ⁽⁶⁾	1,023,074,000	90.25	-	-	937,574,100	64.95	-	-
Norazlam Bin Norbi	24,232,124	2.14	1,023,074,000 ⁽⁷⁾	90.25	22,207,024	1.54	941,224,100 ⁽⁷⁾⁽⁸⁾	65.20
Toh Chee Seng	24,230,716	2.14	1,023,074,000 ⁽⁷⁾	90.25	22,205,716	1.54	937,574,100 ⁽⁸⁾	64.95
Ramli Bin Mohamad	5,384,760	0.47	-	-	4,934,760	0.34	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) There has been no change in our Promoters' and substantial shareholders' shareholdings in our Company for the past 4 years preceding the LPD other than pursuant to the Pre-IPO Reorganisation Exercise.
- (2) Computed based on our number of issued Shares of 100 Shares as at the date of incorporation.
- (3) Computed based on our number of issued Shares of 1,600 Shares as at 31 December 2024, after the Subdivision of Shares on 28 February 2024.
- (4) Computed based on our number of issued share capital of 1,133,601,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (5) Computed based on our enlarged number of issued Shares of 1,443,601,600 Shares after our IPO.
- (6) Atreon is held by Norazlam Bin Norbi (45.00%), Toh Chee Seng (45.00%) and Ramli Bin Mohamad (10.00%).
- (7) Deemed interested by virtue of his shareholdings in Atreon pursuant to Section 8(4) of the Act.
- (8) Deemed interested by virtue of his spouse's and children's interests in our Company, assuming that they will fully subscribe for their respective allocation under the Pink Form Allocations, pursuant to Section 59(11)(c) of the Act.

9.1.4 Amount or benefit paid/given or intended to be paid/given to our Promoters and substantial shareholders

Save for the dividend declared and paid to our Promoters and substantial shareholder as disclosed in Sections 3.10 and 12.7 of this Prospectus and the material benefits-in-kind paid or proposed to be paid to our Promoters who are also our Executive Directors as disclosed in Section 9.2.7 of this Prospectus, there is no amount and benefit that has been or is intended to be paid or given to our Promoters and our substantial shareholder within the 3 years/periods preceding the date of this Prospectus and up to the LPD.

The details of the dividends declared and paid to our Promoters and substantial shareholders for the FYE 2022, FYE 2023 and FPE 2024 are set out below:

Promoter/substantial shareholder	<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2024----->	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	<u>Declared</u>	<u>Paid</u>	<u>Declared</u>	<u>Paid</u>	<u>Declared</u>	<u>Paid</u>
Atreon	7,000	2,000	22,000	19,000	-	8,000

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2 BOARD OF DIRECTORS

9.2.1 Particulars of our Directors

Our Board comprises the following members:

Name	Age	Gender	Nationality	Date of appointment	Designation	<--Membership in Board Committee-->	
						Audit and Risk Management Committee	Nomination and Remuneration Committee
Liang Kok Siang	69	Male	Malaysian	1 April 2024	Independent Non-Executive Chairman	-	-
Toh Chee Seng	55	Male	Malaysian	5 July 2021	Executive Deputy Chairman	-	-
Norazlam Bin Norbi	58	Male	Malaysian	5 July 2021	Executive Director/ Chief Executive Officer	-	-
Ramli Bin Mohamad	59	Male	Malaysian	5 July 2021	Executive Director/ Chief Operating Officer	-	-
Dato' Chan Choy Lin (Carol)	68	Female	Malaysian	1 April 2024	Independent Non-Executive Director	C	M
Norhafiza Binti Mohd	58	Female	Malaysian	1 April 2024	Independent Non-Executive Director	M	M
Lily Rozita Binti Mohamad Khairi	54	Female	Malaysian	2 May 2024	Independent Non-Executive Director	M	C

Notes:

C : Chairperson
M : Member

Save for our Executive Directors, namely Norazlam Bin Norbi, Toh Chee Seng and Ramli Bin Mohamad, whom are the directors and shareholders of Atreon, none of our other Directors represents any corporate shareholder on our Board. Please refer to Section 9.5 of this Prospectus for further details of the associations or family relationships between our Promoters, substantial shareholders, Directors and key senior management.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.2 Profile of our Directors

The profiles of our Directors are set out below:

9.2.2.1 Toh Chee Seng

Executive Deputy Chairman

Please refer to Section 9.1.2.2 of this Prospectus for Toh Chee Seng's profile.

9.2.2.2 Norazlam Bin Norbi

Executive Director/Chief Executive Officer

Please refer to Section 9.1.2.3 of this Prospectus for Norazlam Bin Norbi's profile.

9.2.2.3 Ramli Bin Mohamad

Executive Director/Chief Operating Officer

Please refer to Section 9.1.2.4 of this Prospectus for Ramli Bin Mohamad's profile.

9.2.2.4 Liang Kok Siang

Independent Non-Executive Chairman

Liang Kok Siang, a Malaysian aged 69, is our Independent Non-Executive Chairman. He was appointed to our Board on 1 April 2024.

He obtained his Bachelor of Science (Honours) in Chemistry from the University of Malaya in June 1979. He has also been a member of the Malaysian Institute of Chemistry since October 1980, a member of the International Institute for Management Development (IMD) Alumni, Lausanne, Switzerland since August 2001 and a Fellow of the Institute of Corporate Directors Malaysia ("ICDM") since September 2019.

He began his career in Sime Darby Plantations (presently known as SD Guthrie Bhd) as a Production Assistant in April 1979, where he was responsible for managing rubber processing factories.

In December 1981, he left Sime Darby Plantations to join the Shell group of companies under the employment of Tiram Kimia Sdn Bhd as a Marketing Executive where his responsibilities included among others, sales of industrial chemicals, credit management and customer service. In February 1988, he assumed the role of Project Evaluation Executive where he was responsible for identifying potential projects and performing feasibility assessments of potential chemicals projects.

In January 1990, he was transferred to Shell Malaysia Ltd where he assumed the role of Business Development Manager. In this capacity, his responsibilities expanded to include liaising with government officials to secure the required manufacturing permits and project sites.

In June 1991, he was transferred back to Tiram Kimia Sdn Bhd and was promoted to Industrial Chemicals Sales Manager where his responsibilities included overseeing the marketing, sales, procurement and distribution of solvents and polymers in Malaysia. Subsequently, in November 1992, he was promoted to the Industrial Chemicals Manager where he was responsible for leading the Industrial Chemicals Department.

In May 1994, he was transferred to Shell Malaysia Trading Sdn Bhd where he was redesignated as Lubricants Manager. As Lubricants Manager, he was responsible for the marketing, branding, product development, pricing strategy of lubricants and the procurement of base oils, additives and packaging materials. In October 1996, he was redesignated to Senior Manager of Retail Marketing where he was responsible for developing and implementing retail marketing strategies.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

From April 1997 to September 2001, he was seconded to BonusKad Loyalty Sdn Bhd ("**BonusLink**") (a then associate company of Shell group of companies), where he took on the role of Founder and General Manager. His responsibilities include among others, developing, launching and managing the overall operations of BonusLink, Malaysia's pioneer multi-partner retail loyalty programme.

In September 2001, he was transferred to Shell MDS (Malaysia) Sdn Bhd and was appointed as board director and General Manager, Marketing and Commercial where he was responsible for the global sales, marketing, business development, distribution, and logistics functions of the company. In February 2016, he was promoted to Managing Director of Shell MDS (Malaysia) Sdn Bhd overseeing the overall management of the company's operations before he retired from the Shell group of companies in June 2016.

After his retirement, he has held directorship in a public listed company. Between 2017 and 2022, he was an independent non-executive director of Hengyuan Refining Company Berhad (a public company listed on the Main Market of Bursa Securities).

Please refer to Section 9.2.4.4 of this Prospectus for further details of his previous directorships in other companies.

9.2.2.5 Dato' Chan Choy Lin (Carol)

Independent Non-Executive Director

Dato' Chan Choy Lin (Carol), a Malaysian aged 68, is our Independent Non-Executive Director. She was appointed to our Board on 1 April 2024. She is the Chairperson of our Audit and Risk Management Committee and a member of our Nomination and Remuneration Committee.

In November 1977, she completed the Higher School Certificate (HSC). She was admitted as a member of the Malaysian Institute of Certified Public Accountants in May 1984 and has been a member of the MIA since June 2001. She is also a Fellow of the ICDM since October 2023.

Whilst pursuing her professional qualifications, she began her accountancy training at an accounting firm, Yuen Tang & Co as an Audit Clerk from 1979 to February 1983. In March 1983, she joined Peat Marwick Mitchell & Co (now known as KPMG PLT) as an Audit Senior where she assisted the Audit Manager in various audit assignments.

In September 1984, after departing from Peat Marwick Mitchell & Co., she joined Innovest Berhad (a public company then listed on the Main Market of Bursa Securities) as a Group Accountant and was also subsequently appointed as the Company Secretary of its group of companies. During her employment with the group, her responsibilities included overseeing the finance functions, accounting, corporate finance and treasury matters, as well as corporate secretarial works.

She left Innovest Berhad in December 1991 to join MBf Management Sdn Bhd, a wholly-owned subsidiary of MBf Holdings Berhad (a public company then listed on the Main Market of Bursa Securities) in January 1992, as the group company secretary where she was responsible for the secretarial functions of the MBf group of companies including MBf Capital Berhad (a public company then listed on the Main Market of Bursa Securities) and MBf Finance Berhad. She played a key role in the merger of MBf Finance Berhad with Arab Malaysian Finance Berhad in the formation of AmBank Berhad before leaving the financial industry in October 2004.

In November 2004, she joined Tradewinds Corporation Berhad as the Group General Manager (Secretarial) where her role included the implementation of strategic corporate exercises to enhance the financial position of the company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In February 2006, she joined DRB-HICOM Berhad as the Principal Company Secretary where she was responsible for the corporate secretarial functions of its group of companies. In June 2011, she was promoted to the group director of Corporate Affairs where her role expanded to include the oversight of Legal and Corporate Social Responsibilities departments. She assumed the said position until her retirement in December 2017.

In June 2018, she was appointed as the independent non-executive director of Ann Joo Resources Berhad. Subsequently, in July 2018, she was appointed as the independent non-executive director of APM Automotive Holdings Berhad. Both of which are public companies listed on the Main Market of Bursa Securities. From June 2018 to August 2024, she served as the independent non-executive director of GHL Systems Berhad (now known as NTT Data Payment Services Sdn Bhd) which was delisted from the Main Market of Bursa Securities in August 2024. In March 2020, she was also appointed as the independent non-executive director of The Pacific Insurance Berhad, a public non-listed company, a position she still holds to date.

Please refer to Section 9.2.4.5 of this Prospectus for further details of her other directorships in other companies.

9.2.2.6 Norhafiza Binti Mohd

Independent Non-Executive Director

Norhafiza Binti Mohd, a Malaysian aged 58, is our Independent Non-Executive Director. She was appointed to our Board on 1 April 2024. She is a member of our Audit and Risk Management Committee and our Nomination and Remuneration Committee.

In May 1989, she obtained her Bachelor in Business Administration (major in Accounting) from the University of Notre Dame, USA. She was admitted as a Fellow of the Chartered Institute of Management Accountants (CIMA) in January 2024 and has been a member of the MIA since February 2024. She is also an Affiliate of the ICDM since October 2019.

From October 1989 to November 1992, she began her career as an Auditor, and subsequently as Senior Auditor upon her promotion, at Arthur Anderson & Co. During her tenure, her responsibilities included conducting / leading audit works on companies in various industries, including but not limited to, companies in the financial, telecommunication and manufacturing sectors.

In December 1992, she joined Bank Negara Malaysia as a Bank Examiner. Her responsibilities then included examining and auditing various commercial banks and finance companies to ensure compliance with the then Malaysian Banking and Financial Institution Act.

In October 1993, she joined Shell group of companies under the employment of Sarawak Shell Berhad as Head, Finance Procedures and Controls, where she was responsible for the maintenance and improvement of the Manual of Authority and Finance Procedures. She was also assigned to various finance roles including as Head Ledger Controls, Head Exploration Accountant and Senior Management Accountant of the Business Planning and Support team for Sabah assets. In these roles, her scope of work included the maintenance of accounting system, provision of management accounting support and financial advisory services to the Exploration Function of Sarawak Shell Berhad, driving the Business Planning and budgeting process for the Sabah assets as well as leading the finance team in various commercial negotiations.

In April 1999, she was assigned to the Shell Global Upstream Business Head Office in The Hague, Netherlands as the Financial and Business Performance Analyst where she analysed the financial results and provided financial advisory in relation to Shell's global upstream business.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In June 2002, she was assigned back to the Shell group of companies in Malaysia where she was promoted to Senior Advisor of Treasury Planning in Corporate Treasury. Her responsibilities included overseeing the Treasury operations of all the Shell group of companies in Malaysia, the implementation of cross-border liquidity management for those companies and managing the various Shell Malaysia Pension Funds, including their closures.

In April 2004, she was assigned as Senior Consultant for Finance & Management Consultancy (Asia Pacific) where she was involved in various internal finance consultancy projects within Shell in Asia Pacific. During part of her tenure in this role, she also formally assumed the role of Interim Team Leader where she took charge of the recruitment for the consultancy unit.

In July 2007, she was assigned to the role of General Manager, Finance, Gas and Power where her responsibilities included overseeing the overall finance management of Shell MDS (Malaysia) Sdn Bhd and Shell's minority interest in 2 Malaysian liquefied natural gas joint ventures.

In July 2011, she was assigned and promoted to Regional Controller (Upstream Asia/Malaysia) where her responsibilities included the assessment and operation of the Financial Control Framework, maintenance of financial accounts, as well as internal and external financial reporting. She also oversaw the operation and implementation of standardised finance processes, controls and systems, as well as implementation of Shell Global Controller initiatives, across the Asia region. She was responsible for effective leadership and development of a team of approximately 60 finance staff across the region.

In January 2013, she was assigned as Finance Manager, Upstream International Integrated Gas Development (Global). She was responsible for the overall business planning, performance management, budget monitoring and appraisal processes in respect of the Business Unit. She also provided finance governance leadership to various Shell joint ventures in Brunei.

In January 2014, she was assigned as the Continuous Improvement Manager for Upstream Malaysia and the Philippines where she initiated the implementation of the Lean Six Sigma improvement approach for all finance staff.

Upon her departure from Shell group of companies in May 2014, she joined Petrofac (Malaysia PM304) Limited in the same month as Finance Manager and was subsequently promoted to Finance Director where her responsibilities included overseeing all finance and tax-related matters and the implementation of compliance and governance agendas within the company. She subsequently retired from Petrofac (Malaysia PM-304) in February 2020.

In March and November 2022, she was appointed as the independent non-executive director of Cahya Mata Cement Sdn Bhd and Cahya Mata Phosphates Industries Sdn Bhd respectively. In April 2023, she was also appointed as the independent non-executive director of Cahya Mata Cement Properties Sdn Bhd, Taibah Properties Sdn Bhd and Samalaju Industries Sdn Bhd. All the 5 companies are unlisted subsidiaries of Cahya Mata Sarawak Berhad, a public company listed on the Main Market of Bursa Securities. She still holds the said positions to date.

Please refer to Section 9.2.4.6 of this Prospectus for further details of her other directorships in other companies.

9.2.2.7 Lily Rozita Binti Mohamad Khairi *Independent Non-Executive Director*

Lily Rozita Binti Mohamad Khairi, a Malaysian aged 54, is our Independent Non-Executive Director. She was appointed to our Board on 2 May 2024. She is a member of our Audit and Risk Management Committee and the Chairperson of our Nomination and Remuneration Committee.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

She obtained her Bachelor of Laws from University of Wales College of Cardiff (now known as Cardiff University), UK in July 1994. She obtained her Diploma in Personnel Management from the Malaysian Institute of Personnel Management in November 1997. She is also a Member of the ICDM since February 2024.

Since the commencement of her career, she has been employed under the Shell group of companies and has served in various roles including Legal, Ethics & Compliance and Human Resources management.

She joined Shell Malaysia Limited in September 1994, serving as a Human Resource Executive responsible for overseeing the recruitment process and managing employee relations. In March 1998, she was offered the role of Legal Adviser with Shell Malaysia Trading Sdn Bhd where her role encompassed providing expert legal guidance on various matters in various portfolios, including the drafting and negotiation of contracts, handling disputes, and managing litigation processes to ensure the company's interests were protected and aligned with regulatory requirements.

She was subsequently promoted as Senior Counsel in October 2005 where she provided expert legal advice and support on complex legal matters e.g. unitization of gas and oil fields, decommissioning and production sharing contracts, overseeing major contracts and transactions, managing significant disputes and litigation, and ensuring regulatory compliance.

In September 2006, she was promoted to the role of Legal Manager where her role involved leading the legal team of 20 plus legal staff and providing comprehensive legal support across the Shell companies in Malaysia.

From May 2010 to March 2013, she was appointed as the Managing Counsel where she was tasked with offering legal advice on strategic business decisions for the downstream division.

From April 2013 to February 2017, she was transferred and appointed as the Managing Counsel and Head of Legal for Shell Malaysia Limited where she was primarily responsible for leading the entire legal department across Upstream, Downstream, Corporate and Company Secretarial and Shared Services and ensuring the company's legal interests are protected.

Subsequently, she took on a global role as the Ethics and Compliance Officer for the downstream division under the employment of Shell PLC from March 2017 to July 2021 where she provided advisory on business ethics and guidance on policy development, risk management and implementation of compliance programs across various leadership teams and businesses within the organisation.

In August 2021, she was appointed as the Ethics and Compliance Officer for Projects & Technology/Global Function in Shell PLC, advising the projects and technology businesses and corporate functions (Legal, Human Resources, Finance, Corporate Affairs and Security) worldwide on ethical leadership and culture, policy formulation, risk management, monitoring assurance and implementation of compliance programmes across various leadership teams and businesses within Shell PLC. She has retired from Shell Malaysia Limited in October 2024.

She has held various leadership positions such as Deputy President of the Malaysian Corporate Counsel Association from January 2006 to December 2010 and President of Shell Women Action Network (SWAN) from January 2010 to December 2012.

In April 2023, she was appointed as the independent non-executive director of Wasco Berhad. Subsequently, in November 2024, she was appointed as the independent non-executive director of Alliance Bank Malaysia Berhad. Both of which are public companies listed on the Main Market of Bursa Securities.

Please refer to Section 9.2.4.7 of this Prospectus for further details of her other directorships in other companies.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.3 Shareholdings of our Directors

The direct and indirect shareholdings of our Directors as at the LPD and after our IPO is set out below:

Director	Designation	After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
		No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽²⁾	No. of Shares	% ⁽²⁾
Liang Kok Siang	Independent Non-Executive Chairman	-	-	-	-	500,000 ⁽⁴⁾	0.03	-	-
Toh Chee Seng	Executive Deputy Chairman	24,230,716	2.14	1,023,074,000 ⁽³⁾	90.25	22,205,716	1.54	937,574,100 ⁽³⁾	64.95
Norazlam Bin Norbi	Executive Director/Chief Executive Officer	24,232,124	2.14	1,023,074,000 ⁽³⁾	90.25	22,207,024	1.54	941,224,100 ⁽³⁾⁽⁵⁾	65.20
Ramli Bin Mohamad	Executive Director/Chief Operating Officer	5,384,760	0.47	-	-	4,934,760	0.34	-	-
Dato' Chan Choy Lin (Carol)	Independent Non-Executive Director	-	-	-	-	500,000 ⁽⁴⁾	0.03	-	-
Norhafiza Binti Mohd	Independent Non-Executive Director	-	-	-	-	500,000 ⁽⁴⁾	0.03	-	-
Lily Rozita Binti Mohamad Khairi	Independent Non-Executive Director	-	-	-	-	500,000 ⁽⁴⁾	0.03	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Computed based on our number of issued Shares of 1,133,601,600 Shares after the Pre-IPO Reorganisation Exercise but before our IPO.
- (2) Computed based on our enlarged number of issued Shares of 1,443,601,600 Shares after our IPO.
- (3) Deemed interested by virtue of his shareholdings in Atreon pursuant to Section 8(4) of the Act.
- (4) Assuming that our Independent Non-Executive Directors will fully subscribe for their respective allocation under the Pink Form Allocations.
- (5) Deemed interested by virtue of his spouse's and children's interests in our Company, assuming that they will fully subscribe for their respective allocation under the Pink Form Allocations, pursuant to Section 59(11)(c) of the Act.

9.2.4 Principal business activities and directorships in other corporations outside of our Group for the past 5 years

The principal business activities performed by our Directors outside our Group as at the LPD, and the directorships held by our Directors outside our Group at present ("**Present Directorships**") and in the past 5 years preceding the LPD ("**Previous Directorships**") are set out below:

9.2.4.1 Toh Chee Seng

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Atreon	Director/ Shareholder	1 July 2014	-	45.00%	-	Investment holding, manpower, trading, waste management, mining activities, supply of computer hardware as well as software and computer systems development and maintenance
Atreon Pacific Resources Sdn Bhd	Director/ Shareholder	9 June 2016	-	-	100.00% ⁽¹⁾	Dormant ⁽²⁾
Green Illuminar Sdn Bhd	Director/ Shareholder	2 December 2016	-	-	15.00% ⁽³⁾	Supply and installation of lighting systems

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Atreon Mining Services Sdn Bhd	Director/ Shareholder	6 April 2018	-	-	100.00% ⁽¹⁾	Mining activities
Atreon Services Sdn Bhd	Director/ Shareholder	12 April 2019	-	-	100.00% ⁽¹⁾	Provision of waste management services
Starlife Tech Sdn Bhd	Director/ Shareholder	24 June 2019	-	50.00%	-	Supply and installations of light systems
Dutamas Kijal Sdn Bhd	Director/ Shareholder	9 September 2020	-	50.00%	-	Dormant ⁽⁴⁾
Qamara Mining Sdn Bhd	Director/ Shareholder	26 October 2020	-	45.00%	-	Mining activities
Atreon Energy Ventures Sdn Bhd	Director/ Shareholder	21 September 2021	-	-	80.00% ⁽¹⁾	Dormant ⁽⁵⁾
Wawasan Setiamas Sdn Bhd	Director/ Shareholder	15 February 2024	-	25.00%	-	Wholesale of computer hardware, software and peripherals
Kijal Mining Sdn Bhd	Shareholder	-	-	-	23.00% ⁽¹⁾	Mining activities

Previous Directorships

High Bell Engineering Sdn Bhd	Director	17 December 2014	22 October 2021	-	-	Dissolved on 22 October 2021
Quadchem Sdn Bhd	Director	2 July 2018	20 December 2022	-	-	Trading of chemicals
Superposition Solution Sdn Bhd	Director	6 November 2020	20 May 2024	-	-	Dissolved on 20 May 2024

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
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Other business involvement

Nil

Notes:

- (1) Deemed interested by virtue of his direct shareholdings in Atreon pursuant to Section 8(4) of the Act.
- (2) Atreon Pacific Resources Sdn Bhd had ceased business operations and remained dormant since 1 January 2021. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in providing waste management services.
- (3) Deemed interested by virtue of his direct shareholdings in Starlife Tech Sdn Bhd pursuant to Section 8(4) of the Act.
- (4) Dutamas Kijal Sdn Bhd has yet to commence business operations and remained dormant since its date of incorporation, 9 September 2020. As at the LPD, there is no immediate plan for this company.
- (5) Atreon Energy Ventures Sdn Bhd has yet to commence business operations and remained dormant since its date of incorporation, 21 September 2021. As at the LPD, there is no immediate plan for this company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.2 Norazlam Bin Norbi

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Atreon	Director/ Shareholder	6 March 2008	-	45.00%	-	Investment holding, manpower, trading, waste management, mining activities, supply of computer hardware as well as software and computer systems development and maintenance
Atreon Mining Services Sdn Bhd	Director/ Shareholder	6 April 2018	-	-	100.00% ⁽¹⁾	Mining activities
Atreon Services Sdn Bhd	Director/ Shareholder	12 April 2019	-	-	100.00% ⁽¹⁾	Provision of waste management services
Kijal Mining Sdn Bhd	Director/ Shareholder	20 October 2020	-	-	23.00% ⁽¹⁾	Mining activities
<i><u>Previous Directorships</u></i>						
Offshore Digital Services Sdn Bhd	Director/ Shareholder	5 January 2010	14 August 2023	40.00%	-	Development, production and delivery of technical information
Dialog Tarpon Offshore Platforms Sdn Bhd (formerly known as Tarpon Platform Systems Malaysia Sdn Bhd)	Director	18 December 2014	15 November 2023	-	-	Structural and facility engineering, construction, installation and providing a wide range of solutions in the O&G, engineering, civil and construction
Chemical Industries Council of Malaysia ⁽²⁾	Director	14 June 2022	21 June 2023	-	-	Promote co-operation and development of the chemical industries in Malaysia

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
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Other business involvement

Nil

Notes:

(1) Deemed interested by virtue of his direct shareholdings in Atreon pursuant to Section 8(4) of the Act.

(2) This entity is a company limited by guarantee.

9.2.4.3 Ramli Bin Mohamad

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
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Present Directorships

Atreon	Director/ Shareholder	2 December 2016	-	10.00%	-	Investment holding, manpower, trading, waste management, mining activities, supply of computer hardware as well as software and computer systems development and maintenance
Atreon Pacific Resources Sdn Bhd	Director	31 December 2016	-	-	-	Dormant ⁽¹⁾
Atreon Mining Services Sdn Bhd	Director	6 April 2018	-	-	-	Mining activities
Atreon Services Sdn Bhd	Director	12 April 2019	-	-	-	Provision of waste management services

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
Dutamas Kijal Sdn Bhd	Director	9 September 2020	-	-	-	Dormant ⁽²⁾
Atreon Energy Ventures Sdn Bhd	Director	5 September 2023	-	-	-	Dormant ⁽³⁾
<i><u>Previous Directorships</u></i>						
Superposition Solution Sdn Bhd	Director	6 November 2020	20 May 2024	-	-	Dissolved on 20 May 2024
Dialog Tarpon Offshore Platforms Sdn Bhd (formerly known as Tarpon Platform Systems Malaysia Sdn Bhd)	Director	18 December 2014	15 November 2023	-	-	Structural and facility engineering, construction, installation and providing a wide range of solutions in the O&G, engineering, civil and construction
Quadchem Sdn Bhd	Director	2 July 2018	20 December 2022	-	-	Trading of chemicals
<i><u>Other business involvement</u></i>						
Talangmas Jaya Sdn Bhd	Shareholder	-	-	33.33%	-	Dissolved on 13 November 2020

Notes:

- (1) Atreon Pacific Resources Sdn Bhd had ceased business operations and remained dormant since 1 January 2021. As at the LPD, there is no immediate plan for this company. Prior to becoming dormant, the company was involved in providing waste management services.
- (2) Dutamas Kijal Sdn Bhd has yet to commence business operations and remained dormant since its date of incorporation, 9 September 2020. As at the LPD, there is no immediate plan for this company.
- (3) Atreon Energy Ventures Sdn Bhd has yet to commence business operations and remained dormant since its date of incorporation, 21 September 2021. As at the LPD, there is no immediate plan for this company.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.4 Liang Kok Siang

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
Nil						
<u>Previous Directorships</u>						
Hengyuan Refining Company Berhad (a public company listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	1 June 2017	31 December 2022	-	-	Refining and manufacturing of petroleum products
Kerab & Milah Sdn Bhd	Director/Shareholder	16 February 2017	25 September 2020	50.00%	-	Dissolved on 25 September 2020
<u>Other business involvement</u>						
Nil						

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.5 Dato' Chan Choy Lin (Carol)

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Ann Joo Resources Berhad (a public company listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	1 June 2018	-	-	-	Investment holding company with its subsidiaries involved in manufacturing and trading of steel and steel-related products
APM Automotive Holdings Berhad (a public company listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	31 July 2018	-	-	-	Investment holding company with its subsidiaries involved in the manufacture and sale of automotive parts
The Pacific Insurance Berhad (non-listed)	Independent Non-Executive Director	18 March 2020	-	-	-	Underwriting of general insurance business

Previous Directorships

GHL Systems Berhad (now known as NTT Data Payment Services Sdn Bhd) ⁽¹⁾	Independent Non-Executive Director	25 June 2018	8 August 2024	-	-	Provision of payment solutions
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Other business involvement

Nil

Note:

- (1) GHL Systems Berhad (now known as NTT Data Payment Services Sdn Bhd), a public company formerly listed on the Main Market of Bursa Securities. Effective 6 August 2024, the company has been delisted from Bursa Securities.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.6 Norhafiza Binti Mohd

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Cahaya Mata Cement Sdn Bhd	Independent Non-Executive Director	7 March 2022	-	-	-	Manufacture and sale of cement and cement clinker
Cahaya Mata Phosphates Industries Sdn Bhd	Independent Non-Executive Director	6 November 2022	-	-	-	Construction and operation of an integrated phosphate complex for the feed and fertilizer phosphate products
Cahaya Mata Cement Properties Sdn Bhd	Independent Non-Executive Director	12 April 2023	-	-	-	Investment holding in properties
Taibah Properties Sdn Bhd	Independent Non-Executive Director	12 April 2023	-	-	-	Property development and construction works
Samalaju Industries Sdn Bhd	Independent Non-Executive Director	12 April 2023	-	-	-	Investment holding in shares

Previous Directorships

Nil

Other business involvement

Nil

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.4.7 Lily Rozita Binti Mohamad Khairi

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<i><u>Present Directorships</u></i>						
Alliance Bank Malaysia Berhad (a public company listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	15 November 2024	-	-	-	Principally engaged in all aspects of banking business and the provision of related financial services with its subsidiaries involved in Islamic banking, nominees services, investment advisory services and related financial services
Wasco Berhad (a public company listed on the Main Market of Bursa Securities)	Independent Non-Executive Director	12 April 2023	-	-	-	Investment holding company with its subsidiaries involved in the provision of specialised pipe coating and corrosion protection services, engineering, procurement and construction of gas compressors and process equipment and provision of bioenergy services
Singularity Aerotech Holding Sdn Bhd	Shareholder	-	-	0.20%	-	Provision of engineering and technology services
Singularity Connect Sdn Bhd	Shareholder	-	-	*	-	Provision of information technology services

Previous Directorships

Nil

Other business involvement

Nil

Note:

* Negligible.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.5 Involvement of our Directors in other businesses or corporations

Save as disclosed in Section 9.2.4 of this Prospectus, as at the LPD, our Directors do not have other directorships and are not involved in other principal business activities outside our Group. The involvement of our Directors in business activities outside our Group as stated in Section 9.2.4 of this Prospectus does not give rise to any existing or potential conflict of interest situation and will not affect their commitment, ability to perform their responsibilities and contribution to our Group in their respective roles as our Directors.

The involvement of our Executive Directors in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of these businesses, other than attending meetings of the board of directors on which they serve. Such businesses do not require their involvement on a daily basis as these businesses are managed by their respective management teams. In relation to Atreon, the management team is led by their Chief Executive Officer, Ramesh A/L Ratha Krishnan, our Pre-Listing Investor.

In relation to our Independent Non-Executive Directors, their involvement in business activities outside our Group does not preclude them from allocating or committing their time and effort to our Group as they are not involved in the management and day-to-day operations of our Group.

As such, our Board is of the view that this would not affect their contribution and performance in our Group.

Please refer to Section 11.1 of this Prospectus for further details of our Directors' involvement in businesses or corporations that carry on a similar trade as that of our Group.

9.2.6 Service contracts with our Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and us which provide for benefits upon termination of employment.

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.2.7 Remuneration and material benefits in-kind of our Directors

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our Directors for services rendered to us in all capacities to our Group for the FYE 2023, FYE 2024 and FYE 2025 are set out below:

FYE 2023 (Paid as at the LPD)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOC SO) RM'000	Allowances RM'000	Benefits in- kind RM'000	Total RM'000
Executive Directors							
Toh Chee Seng	1,350	-	1,500 ⁽¹⁾	346	-	24 ⁽²⁾	3,220
Norazlam Bin Norbi	1,350	-	1,500 ⁽¹⁾	349	-	51 ⁽²⁾	3,250
Ramli Bin Mohamad	850	-	945 ⁽¹⁾	219	-	24 ⁽²⁾	2,038
Independent Non-Executive Directors							
Liang Kok Siang	-	-	-	-	-	-	-
Dato' Chan Choy Lin (Carol)	-	-	-	-	-	-	-
Norhafiza Binti Mohd	-	-	-	-	-	-	-
Lily Rozita Binti Mohamad Khairi	-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

FYE 2024 (Paid as at the LPD)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOCSSO) RM'000	Allowances RM'000	Benefits in- kind RM'000	Total RM'000
Executive Directors							
Norazlam Bin Norbi	1,229	-	585 ⁽¹⁾	219	-	51 ⁽²⁾	2,084
Toh Chee Seng	1,229	-	585 ⁽¹⁾	219	-	41 ⁽²⁾	2,074
Ramli Bin Mohamad	774	-	368 ⁽¹⁾	139	-	27 ⁽²⁾	1,308
Independent Non-Executive Directors							
Liang Kok Siang	-	135 ⁽³⁾	-	-	3 ⁽⁴⁾	-	138
Dato' Chan Choy Lin (Carol)	-	45 ⁽³⁾	-	-	3 ⁽⁴⁾	-	48
Norhafiza Binti Mohd	-	45 ⁽³⁾	-	-	3 ⁽⁴⁾	-	48
Lily Rozita Binti Mohamad Khairi	-	40 ⁽³⁾	-	-	2 ⁽⁴⁾	-	42
FYE 2025 (Proposed)	Salary RM'000	Directors' fees RM'000	Bonus RM'000	Statutory contributions (i.e. EPF and SOCSSO) RM'000	Allowances RM'000	Benefits in- kind RM'000	Total RM'000
Executive Directors							
Norazlam Bin Norbi	1,638	-	-(5)	198	-	41 ⁽²⁾	1,877
Toh Chee Seng	1,638	-	-(5)	198	-	41 ⁽²⁾	1,877
Ramli Bin Mohamad	1,032	-	-(5)	125	-	28 ⁽²⁾	1,185
Independent Non-Executive Directors							
Liang Kok Siang	-	180	-	-	4 ⁽⁴⁾	-	184
Dato' Chan Choy Lin (Carol)	-	117	-	-	4 ⁽⁴⁾	-	121
Norhafiza Binti Mohd	-	106	-	-	4 ⁽⁴⁾	-	110
Lily Rozita Binti Mohamad Khairi	-	115	-	-	4 ⁽⁴⁾	-	119

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Notes:

- (1) Bonus paid in FYE 2023 and FYE 2024 are based on the performance of the respective Executive Directors in FYE 2022 and FYE 2023 respectively.
- (2) Being the benefits-in-kind for the cars provided to the Executive Directors for FYE 2023, FYE 2024 and FYE 2025.
- (3) Being the Directors' fees from the date they were appointed to our Board as our Independent Non-Executive Directors.
- (4) Being the fixed allowances provided, i.e. travelling allowances, which is effective from the date of appointment of our Independent Non-Executive Directors.
- (5) Bonus to be paid in FYE 2025 are based on the performance of the respective Executive Directors in FYE 2024. The bonuses for FYE 2025 are not included as they have yet to be determined. Such bonuses, if any, will be determined at a later date based on our Group's and the individual's performance, and will be subject to recommendation of the Nomination and Remuneration Committee and approval by our Board.

The remuneration of our Directors, which includes Directors' fees, bonus and such other allowances as well as other benefit, must be considered and recommended by the Nomination and Remuneration Committee and subsequently approved by our Board. Our Directors' fees must be further approved and endorsed by our shareholders at a general meeting.

Any changes in Directors' fees as set out in our Constitution must be approved and endorsed by our shareholders at a general meeting and where applicable, notice of any proposed increase must be given.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.3 BOARD PRACTICES

9.3.1 Directors' terms of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The details of the date of expiration of the current term of office for each of the Directors and the period that each of our Directors have served in that office as at the LPD are set out follows:

Name	Gender	Designation	Date of appointment	No. of years and months in office (approximate)	Date of expiration of the current term of office
Liang Kok Siang	Male	Independent Non-Executive Chairman	1 April 2024	10 months	Subject to retirement at our first AGM in year 2025
Toh Chee Seng	Male	Executive Deputy Chairman	5 July 2021	3 years and 7 months	Subject to retirement at our first AGM in year 2025
Norazlam Norbi	Bin Male	Executive Director/Chief Executive Officer	5 July 2021	3 years and 7 months	Subject to retirement at our first AGM in year 2025
Ramli Mohamad	Bin Male	Executive Director/Chief Operating Officer	5 July 2021	3 years and 7 months	Subject to retirement at our first AGM in year 2025
Dato' Chan Choy Lin (Carol)	Female	Independent Non-Executive Director	1 April 2024	10 months	Subject to retirement at our first AGM in year 2025
Norhafiza Mohd	Binti Female	Independent Non-Executive Director	1 April 2024	10 months	Subject to retirement at our first AGM in year 2025
Lily Rozita Binti Mohamad Khairi	Female	Independent Non-Executive Director	2 May 2024	9 months	Subject to retirement at our first AGM in year 2025

Our Board acknowledges and takes cognisance of the MCCG which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledges and experiences to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have at least half of the Board comprising Independent Non-Executive Directors, that our chairman of the Board should not be a member of our Audit and Risk Management Committee or Nomination and Remuneration Committee, and to have at least 30% women directors on our Board.

According to our Constitution, at the first AGM of our Company, all the Directors shall retire from office at the conclusion of the AGM. At the AGM of our Company in every subsequent year, 1/3 of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to 1/3, shall retire from office at the conclusion of the AGM in every year provided always that all Directors shall retire from office at least once every 3 years but shall be eligible for re-election. A retiring Director shall be eligible for re-election at the AGM.

Our Directors to retire every year shall be Directors who have been longest in office since the Directors' last election, but as between persons who became Directors on the same day, the Directors to retire shall be determined by lot (unless they otherwise agree among themselves).

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

Within the limits set by our Constitution, our Board is responsible for the governance and management of our Group. To ensure the effective discharge of its functions, our Board have set out the following key responsibilities in the Board charter:

- set the values, standards and strategic aims of our Company;
- review, challenge and decide on our management's proposals for our Company and/or our Group, and monitor its implementation by our management;
- oversee the development and implementation for the governance of sustainability in our Group, including setting the sustainability strategies, priorities and targets;
- review and approve business strategies and plans as developed by our management and ensure that these strategic plans support long-term value creation which includes economic, environmental, social as well as governance considerations underpinning sustainability of our Group;
- oversee the conduct of our Group's business, supervise and assess our management's performance to determine whether the business is being properly managed;
- review and assess the adequacy and integrity of our Group's management information and internal control systems, ensuring there is a sound framework for internal controls and risk management;
- understand the principal risks of our Group's businesses and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which our Board expects our management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- ensure that our management has the necessary skills and experience, taking into account the diversity factors including ethnicity, gender and age as well as ensure that there are measures in place to provide for the orderly succession of our Board and our management;
- review the leadership needs of our Company, both executive and non-executive, from time to time, to ensure our Company is consistently able to compete effectively in the marketplace;
- ensure our Company has appropriate policies and procedures to review performance of our Board, individual Directors and our management and to set an appropriate level of remuneration to attract and retain them;
- ensure that our Company has procedures in place to enable effective, transparent and regular communication with stakeholders;
- oversee the development and implementation of an adequate group-wide framework for cooperation and communication between our Group for effective oversight of our Group's (i) financial and non-financial performance to ensure integrity, (ii) business strategy and priorities, (iii) risk management including material sustainability risks, and (iv) corporate governance policies and practices;
- oversee the implementation of code of conduct and ethics, policies and procedures to guide the behaviour of our Directors, management and employees in addressing and managing anti-corruption, whistleblowing and conflict of interest, to ensure good corporate governance culture is practised within our Group which reinforces (i) integrity and ethics, (ii) prudence, and (iii) professional behaviour; and
- ensure a sustainable anti-corruption compliance programme is implemented on a group-wide basis with adequate resources assigned.

9.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Dato' Chan Choy Lin (Carol)	Chairperson	Independent Non-Executive Director
Norhafiza Binti Mohd	Member	Independent Non-Executive Director
Lily Rozita Binti Mohamad Khairi	Member	Independent Non-Executive Director

Our Audit and Risk Management Committee undertakes, among others, the following functions:

(1) Financial reporting

- (a) Review the audit plan with the external auditors and their evaluation of the system of internal controls.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (b) Review with the external auditors, the year end financial statements, before approval by our Board, focusing particularly on:
- whether there have been changes in or adoption of new accounting policies;
 - whether there have been changes in the presentation of the financial statements;
 - whether there are significant auditing and financial reporting matters, material audit adjustments, material fluctuations in balances, significant judgement and estimates made by our management, significant or unusual events or transactions highlighted by the external auditors, and how these matters are addressed;
 - whether significant contingent liabilities and commitments have been properly disclosed;
 - whether the going concern assumption used in the preparation of the financial statements is appropriate;
 - whether the financial statements are in compliance with accounting standards and other legal requirements;
 - whether the financial statements taken as a whole provide a true and fair view of the financial position and performance of our Group and our Company;
 - review the external auditors' report and findings arising from audits including the comments and responses in management letters; and
 - whether there are any qualifications in the auditors' report that must be discussed and properly acted upon.
- (c) Report its findings on the financial performance, financial management, and other significant matters to our Board, and if appropriate, recommend to our Board the issuance of the quarterly and audited financial statements to Bursa Securities.
- (d) Discuss problems and issues encountered during the interim and final audits, and any matter the external auditors may wish to discuss (in the absence of our management, where necessary).
- (e) Review the recommendation to our Board on interim and final dividend.

(2) External auditors

- (a) Consider and recommend the appointment or re-appointment of the external auditors, the level of audit fees and any questions regarding resignation or dismissal.
- (b) Annually assess the suitability, objectivity and independence of the external auditors, taking into consideration the following:
- the competence, audit quality and resource capacity of the external auditors in relation to the audit;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- the nature and extent of non-audit services rendered and the level of fees paid for such services relative to audit fees. In this connection, the Audit and Risk Management Committee shall review and approve all proposed non-audit services, including proposed fees, prior to work commencement;
 - the conduct of and independence demonstrated by the external auditors throughout the audit engagement. In this connection, the Audit and Risk Management Committee shall obtain written confirmation from the external auditors that they are, and have been, independent in accordance with all relevant professional and regulatory requirements; and
 - the conduct of an annual evaluation of the performance of the external auditors and undertaking follow-up measures, where necessary.
- (c) Review and recommend for our Board's approval on the non-audit services before they are rendered by the external auditors and its affiliates while considering the nature of the extent of the non-audit services and the appropriateness of the level of fees; and
- (d) Nominate and recommend for our Board's endorsement for shareholders' approval on the re-appointment of the external auditors.

(3) Internal audit

- (a) Establish an internal audit function (either in-house or outsourced, as applicable) which is independent of our management and in relation thereto:
- review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - review the annual internal audit plan, processes and the results of all internal audit assignments (including any special investigations) undertaken and ensure that appropriate actions are taken based on the recommendations;
 - review the budget and ensure sufficient resources are allocated to the internal audit function;
 - ensure that the internal audit function is independent of the activities it audits and that the head of internal audit reports functionally to the Audit and Risk Management Committee directly;
 - appraise the performance of the internal audit function on an annual basis;
 - approve any appointment or termination of senior staff members of the internal audit function (if applicable);
 - ensure that the staff members or outsourced members who are responsible for internal audit have the relevant experience, sufficient standing and authority to enable them to discharge their functions effectively;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- take note of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning (if applicable);
- review the adequacy and effectiveness of appropriate actions taken by our management in response to the audit findings and the Audit and Risk Management Committee's recommendations; and
- review the annual sustainability statement for inclusion in the annual report.

(b) Determine the remit of the internal audit function.

(4) Risk management and internal control

(a) Provide direction, oversight and advice on the risk management process.

(b) Perform the following in relation to risk management and internal controls:

- review the adequacy and effectiveness of risk management, internal control, anti-corruption, whistle-blowing and governance processes implemented within our Group;
- monitor risk management process to ensure they are integrated into all core business processes;
- review the relevant reports and policies, and ensure that all risks are well managed;
- advise our Board on risk-related issues, recommend strategies, policies, and risk tolerance levels for our Board's information and approval as appropriate;
- monitor material risk exposure with potentially significant business impact or requiring a group-wide response, including reviewing and deliberating on mitigation strategies proposed by management for key issues;
- review our Group's risk management policy and implementation of the risk management framework; and
- review the statement on risk management and internal control for inclusion in our Company's annual report.

(5) Related party transactions and conflicts of interest

(a) Perform the following in relation to related party transactions and conflicts of interest:

- ensure that our Group establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting related party transactions and monitoring conflict of interest situations;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- review with the internal auditors their quarterly report from work performed to establish whether recurring related party transactions have been carried out in accordance with the mandate approved by shareholders and on commercial terms no more favourable than those available to non-related third parties;
- review non-recurring corporate proposals involving related parties to ensure that they are in the best interest of our Group and not detrimental to the interest of minority shareholders;
- monitor, review and report to our Board any conflict of interest or potential conflict of interest involving relevant officers (Directors and key senior management) that arose, persist or may arise within our Group together with the measures taken to resolve, eliminate or mitigate such conflicts, as well as disclosing them in the annual report and the Audit and Risk Management Committee report; and
- review our Group's conflict of interest policy from time to time and ensure relevance with the requirements of acts, rules and guidelines currently in force.

(6) Anti-bribery and corruption
(a) Perform the following in relation to anti-bribery and corruption:

- oversee the implementation and effectiveness of anti-bribery and anti-corruption measures;
- review the sufficiency, adequacy and comprehensiveness of the anti-bribery and corruption in line with the need to mitigate bribery risks and advise our Board on issues of compliance with regard to the applicable laws, regulations, rules, directives and guidelines;
- ensure that appropriate training programs are in place for employees regarding anti-bribery and anti-corruption measures;
- ensure that employees are encouraged to use any of the whistleblowing channels to report on any suspected and/or real corruption incidents;
- receive update from our management on incidents or allegations related to bribery and corruption;
- ensure auditors have adequate access to information and resources to evaluate the effectiveness of anti-bribery and anti-corruption controls; and
- review audit findings and recommendations related to bribery and corruption and overseeing our management's response.

(7) Sustainability
(a) Perform the following in relation to sustainability:

- oversee the development, implementation, and periodic review of sustainability policies, procedures and strategies;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- ensure alignment of sustainability goals with our organisation's overall strategic objectives;
- monitor the effectiveness of controls and mitigation strategies for identified sustainability risks;
- oversee the establishment of reporting mechanisms to review and assess progress toward sustainability goals, including environmental, social, and governance aspects;
- oversee stakeholder engagement strategies related to sustainability issues, including shareholders, employees, customers, communities, and regulatory bodies;
- ensure compliance with relevant sustainability laws, regulations, and reporting requirements;
- stay informed about emerging sustainability standards and best practices applicable to our organisation's industry; and
- review the sustainability initiatives adopted by our Group and the key performance indicators on material sustainability matters.

(8) Whistleblowing
(a) Perform the following in relation to whistleblowing:

- establish, review and together with our management implement whistleblowing policy for our Group;
- ensure that our management establishes effective procedures for the purposes of receiving, processing, identifying, investigating, reviewing, evaluating, recommending, decision making, and responding to complaints and/or reports and/or recommendations received are in placed accordingly;
- receive, process, conduct an initial enquiry on any complaints and/or reports and/or recommendations received and determine the genuineness of the concern/ allegation submitted to it;
- dismiss any complaints and/or reports and/or recommendations if the same shall have no basis or merits or is not a matter to be dealt with under the whistleblowing policy;
- investigate each merited claim independently using appropriate channels, resources and expertise and shall nominate an investigation team to investigate any such complaints and/or reports and/or recommendations, if deemed necessary;
- review the findings of the investigation in respect of any complaints and/or reports and/or recommendations to our Board and determine the appropriate actions to be taken as well as to make recommendations to implement procedures or take preventive measures, where necessary, to minimise or prevent the occurrence of the misconduct in the future;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- respond and communicate with the whistleblower(s) on the outcome or decision of our Board on the complaints and/or reports and/or recommendations, and with our management on the preventive measures to be taken; and
- consider any other matters in relation to whistleblowing as may be delegated from time to time by our Board.

(9) Other Matters

- Prepare the Audit and Risk Management Committee report at the end of the financial year for inclusion in the annual report pursuant to the Listing Requirements.
- Undertake such other assignments as requested by our Board from time to time or as the Audit and Risk Management Committee considers appropriate.

9.3.3 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee currently comprises the following members, of which all of them are Independent Non-Executive Directors:

Name	Designation	Directorship
Lily Rozita Binti Mohamad Khairi	Chairperson	Independent Non-Executive Director
Dato' Chan Choy Lin (Carol)	Member	Independent Non-Executive Director
Norhafiza Binti Mohd	Member	Independent Non-Executive Director

Our Nomination and Remuneration Committee undertakes, among others, the following functions:

(1) Appointments

- Consider and recommend to our Board, candidates for any directorship proposed by our management, shareholders, our Board or other sources such as independent recruitment firms, taking into consideration the following criteria:
 - required skill, knowledge, expertise, experience and competence;
 - time commitment, character, professionalism and integrity;
 - diversity in age, gender, culture, experience and independence;
 - number of directorships in companies (including non-listed companies) outside our Group;
 - specialist knowledge or technical skill;
 - criteria set out in the Directors' fit and proper policy; and
 - any business interest or relationship that may result in a conflict of interest that could affect the execution of the role; and
- Consider and recommend to our Board, Director(s) or officer(s) of our Company to fill the seats on our Board committees.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

(2) Re-election/Re-appointment

- (a) Ensure every Director is subject to retirement at least once every 3 years. A retiring Director shall be eligible for re-election; and
- (b) Recommend to our Board, candidates for re-election of Directors, to be approved by shareholders, pursuant to our Company's Constitution. The re-election of the Directors shall take into consideration the criteria set out in the Directors' fit and proper policy and shall be contingent upon the satisfactory evaluation of their performance and contribution to our Board.

(3) Annual Performance Assessment

- (a) Review annually the structure, size and composition of our Board, including the skill, knowledge, experience, and diversity of each Director and core competencies which non-executive Directors should bring to our Board and to ensure the composition of our Board is refreshed periodically;
- (b) Assess annually, the effectiveness of our Board as a whole and each Director individually, the chairman of our Board, as well as the effectiveness of the various committees of our Board and to review the results of the performance evaluation thereafter;
- (c) Review annually, the term of office, competency and performance of the Audit and Risk Management Committee and each of its members to determine whether they have carried out their duties in accordance with the Audit and Risk Management Committee's terms of reference;
- (d) Conduct an assessment annually on the independence of each of the Independent Non-Executive Directors to ensure he/she is continually fit and maintains independence in order to provide appropriate scrutiny and impartial judgement; and
- (e) Develop, maintain and review the criteria for evaluating the performance of our Board and board committees and each individual Director including the performance in addressing our Group's material sustainability risk and opportunities.

(4) Succession planning

- (a) Give consideration to succession planning for Directors and other key senior management, taking into account the challenges and opportunities facing our Group and the skills, expertise and gender diversity needed on our Board and the key senior management in the future; and
- (b) Review the leadership needs of our Group, both executive and non-executive, with a view to ensuring the continued ability of our Group to compete effectively in the marketplace.

- (5) Determine and recommend to our Board the remuneration policy for Executive Directors, non-executive Directors, and key senior management, with the objective of attracting, retaining, and motivating Directors and key senior management of the quality required.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (6) Review and recommend to our Board in relation to the remuneration structures of the Executive Directors, non-executive Directors and key senior management in all forms, taking into account the following criteria (where applicable):
- the roles and level of responsibilities;
 - required qualification, skills, competence, experience and time commitment;
 - complexity of the business of our Group;
 - our Group's business strategy and long-term objectives;
 - our Group's performance in operating results as well as managing material sustainability risks and opportunities; and
 - market statistics of other companies of a similar size in a comparable industry sector.
- (7) In respect of Executive Directors, to ensure that the remuneration package commensurate with the skills and responsibilities expected of the Director concerned and is sufficient to attract and retain Directors needed to run our Company successfully.
- (8) In respect of non-executive Directors, to ensure via our Board as a whole that the remuneration payable reflects the experience, time demanded of the directors to discharge their duties and responsibilities undertaken.
- (9) In respect of key senior management, to ensure that the remuneration package commensurate with the individual's performance, skills, experience, level of responsibility as well as the market benchmarks.
- (10) Recommend performance bonus, annual increment, market adjustment, and promotion increment budget to our Board for consideration and approval.
- (11) Recommend continuing appropriate training programmes for Directors during the year.
- (12) Consider and examine such other matters as the Nomination and Remuneration Committee considers appropriate.
- (13) Engage external professional advisors to assist and/or advise the Nomination and Remuneration Committee, on remuneration matters, where necessary.
- (14) Review the fees of the non-executive Directors and any benefits payable to them including any compensation for loss of employment of Director or former Director before presenting to the shareholders for approval.
- (15) Provide clarification to shareholders during general meetings on matters pertaining to the remuneration of Directors and key senior management as well as the overall remuneration framework of our Company.
- (16) Review the policies and procedures of the remuneration framework as and when necessary.
- (17) Establish and review periodically framework of policies formalising our Group's approach and commitment towards an effective Board.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (18) Keep up-to-date and fully informed about strategic issues and commercial changes affecting our Group and the market in which it operates.
- (19) Prepare a Nomination and Remuneration Committee report at the end of the financial year for inclusion in the annual report pursuant to the Listing Requirements.
- (20) Act in line with our Board.

9.4 KEY SENIOR MANAGEMENT

9.4.1 Particulars of key senior management

Our key senior management is responsible for the day-to-day management and operations of our Group. The members of our key senior management as at the date of this Prospectus are set out below:

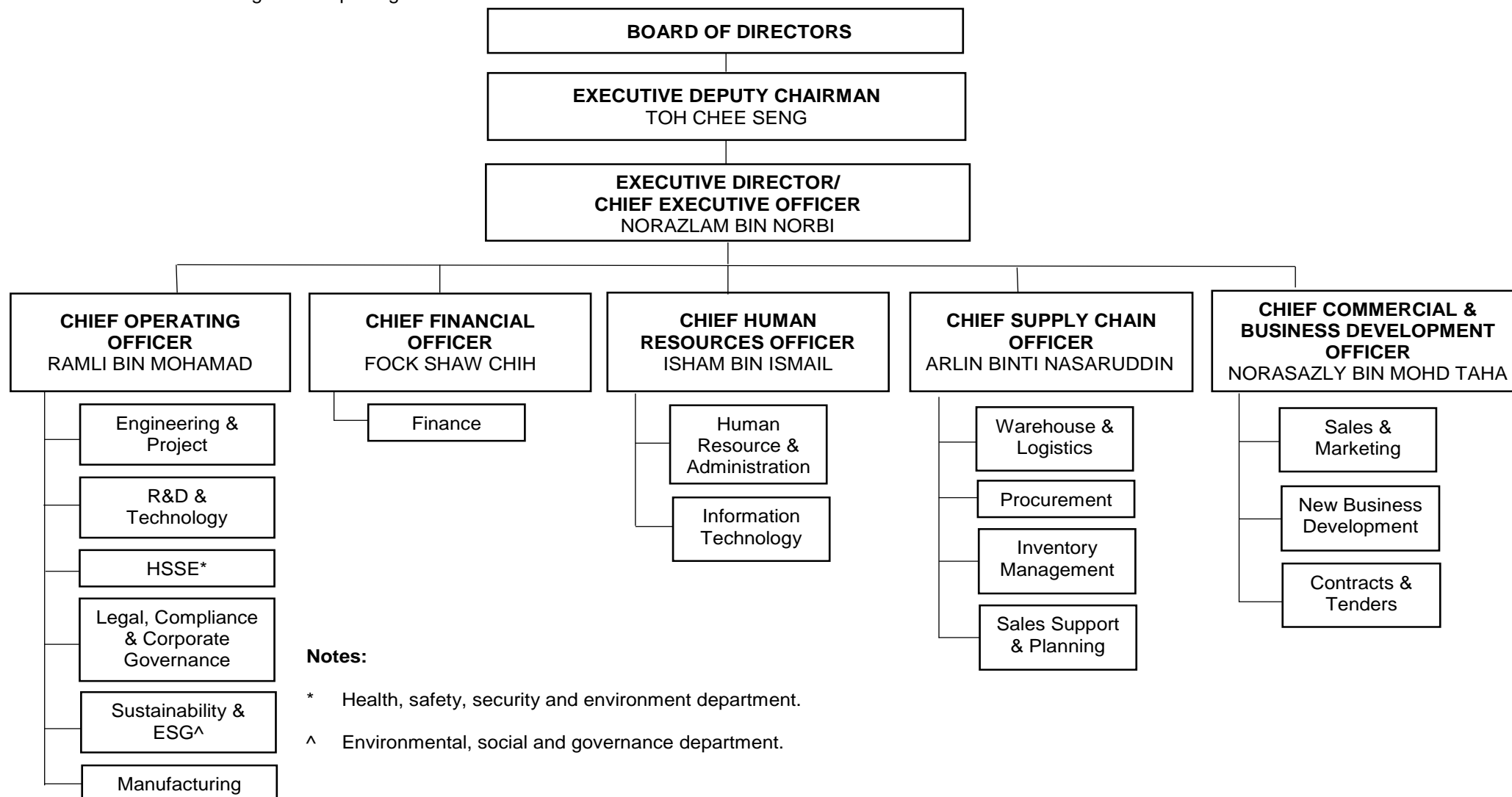
Name	Age	Gender	Nationality	Designation
Fock Shaw Chih	52	Female	Malaysian	Chief Financial Officer
Isham Bin Ismail	58	Male	Malaysian	Chief Human Resources Officer
Arlin Binti Nasaruddin	52	Female	Malaysian	Chief Supply Chain Officer
Norasazly Bin Mohd Taha	46	Male	Malaysian	Chief Commercial & Business Development Officer

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.2 Management reporting structure

Our management reporting structure is set out below:



9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.3 Shareholdings of our key senior management

The direct and indirect shareholdings of our key senior management in our Company after our IPO are set out below:

		After the Pre-IPO Reorganisation Exercise but before our IPO				After our IPO			
		<-----Direct----->		<---Indirect--->		<-----Direct----->		<---Indirect--->	
		No. of Shares	%	No. of Shares	%	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Fock Shaw Chih		-	-	-	-	2,000,000 ⁽²⁾	0.14	-	-
Isham Bin Ismail		-	-	-	-	1,000,000 ⁽²⁾	0.07	-	-
Arlin Binti Nasaruddin		-	-	-	-	2,000,000 ⁽²⁾	0.14	-	-
Norasazly Bin Mohd Taha		-	-	-	-	1,000,000 ⁽²⁾	0.07	-	-

Notes:

- (1) Computed based on our enlarged number of issued Shares of 1,443,601,600 Shares after our IPO.
- (2) Assuming our key senior management will fully subscribe for their respective allocation under the Pink Form Allocations.

None of our key senior management represent any corporate shareholder on our Board.

9.4.4 Profiles of our key senior management

The profiles of our key senior management are set out below:

9.4.4.1 Fock Shaw Chih

Chief Financial Officer

Fock Shaw Chih, a Malaysian aged 52, is our Chief Financial Officer. She is responsible for overseeing our Group's finance, accounting and internal control functions, which include preparing financial and management reports, taxation, forecasts and financial planning. She has over 20 years of experience in the finance and accounting industry.

She completed her London Chamber of Commerce and Industry, Third Level Group Diploma in Accounting and Cost Accounting and obtained her Systematic Diploma in Business from the Systematic Business Training Centre (now known as SEGi University & Colleges) in April 1993. Upon her graduation, she took the full-time Chartered Association of Certified Accountants ("ACCA") course in July 1993 and completed in June 1997. She was admitted as a member of the ACCA in September 2001 and became a Fellow of the ACCA in September 2006. She has been a member of the MIA since January 2002.

In January 1996, whilst pending the completion of her ACCA course, she joined Mohamed Yeng & Co as an Audit Assistant where her responsibilities included performing statutory audits and preparing audit working schedules for companies.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In June 1996, she left the aforementioned audit firm to join Chuah Kim Seng & Co as an Audit Assistant where she was involved in audit work. She was subsequently promoted as the Audit, Accounts and Tax Manager where her responsibilities expanded to include supervision of audit team juniors and reviewing audit works.

After her departure from Chuah Kim Seng & Co. on August 2008, she joined Inverway Sdn Bhd as Chief Accountant in August 2008 where she was responsible for the overall financial management of the company. She left Inverway Sdn Bhd in December 2008 to join KCSM Kuan PLT (formerly known as KCSM Kuan Co) as Audit Manager in January 2009 where she was involved in the management and supervision of an audit team and provision of consultancy services on tax and accounting matters.

She subsequently left KCSM Kuan PLT in August 2016 and joined SSTCM as Senior Finance Manager in September 2016 where her responsibilities include managing the finance, accounting and credit control functions of our Group. In August 2020, she was promoted to Finance Director where her responsibilities expanded to include the management of the internal control functions of our Group.

In April 2023, she was redesignated as Chief Financial Officer, a position she holds to date.

Please refer to Section 9.4.5.1 of this Prospectus for further details of her previous directorships in other companies. Presently, she does not hold directorships in any private and public limited companies.

9.4.4.2 Isham Bin Ismail

Chief Human Resources Officer

Isham Bin Ismail, a Malaysian aged 58, is our Chief Human Resources Officer. He is responsible for overseeing the human resource functions of our Group. He has over 30 years of experience in the O&G industry under various roles such as Human Resource and Business Development.

He obtained his Bachelor of Management (Honours) from Universiti Sains Malaysia in September 1993.

He began his career in January 1993 by joining Shell group of companies under the employment of Sarawak Shell Berhad as a Human Resource Policy and Development Officer where his responsibilities included the development and management of the Human Resource policies of the company, as well as Employee Relations, which includes dialogues with consultative bodies and unions.

In March 1996, he was transferred to Shell Malaysia Trading Sdn Bhd and was redesignated as Business Development Executive, where he was responsible for commercial sales and business development in the East Coast of Malaysia. In July 1997, he was promoted to Territory Retail Manager Central where he was responsible for the management of operations and performance of retail stations in the Klang Valley.

In August 2001, he was transferred to Shell MDS (Malaysia) Sdn Bhd and was redesignated as Human Resource Manager where he was responsible for the talent and leadership development of the company. In March 2006, he was transferred to Shell Global Solutions International BV in The Hague, Netherlands and was redesignated as Senior Resourcing Adviser where he was responsible for the resourcing and talent recruitment for gas and power projects.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In March 2010, he was transferred back to Malaysia to join Shell Refining Company (Federation of Malaya) Berhad (now known as Hengyuan Refining Company Berhad, a public company listed on the Main Market of Bursa Securities) and was redesignated as Human Resource Manager, Downstream Manufacturing Department Malaysia where his responsibilities included provision of human resources management, strategic human resource advice and coaching for the refinery.

In January 2016, he was transferred to Qatar Shell GTL Limited in Doha, Qatar and was redesignated as Human Resource Account Manager, Production Department Qatar where he was tasked with the provision of a full range of Human Resource functions including human resources management which includes talent, leadership and performance management.

He left Shell group of companies in December 2017 and joined Repsol Oil and Gas Malaysia Limited as People and Organisation Manager in January 2018 where he was responsible for the overall management of the human resource functions of the company.

In August 2021, he left Repsol Oil and Gas Malaysia Limited to join SSTCM as Director of Human Resource and Corporate Services where he was responsible for human resource and information technology support functions of our Group. He was redesignated as Chief Human Resources Officer in August 2023, a position he holds to date.

Presently, he does not hold directorships in any private and public limited companies.

9.4.4.3 Arlin Binti Nasaruddin *Chief Supply Chain Officer*

Arlin Binti Nasaruddin, a Malaysian aged 52, is our Chief Supply Chain Officer. She is responsible for the overall management of our Group's supply chain functions. She has over 20 years of experience in O&G industry under various roles such as process engineer, business development and supply chain management.

She obtained her integrated Master's Degree in Chemical Engineering from Imperial College of Science, Technology and Medicine, University of London, UK in August 1996.

Upon her return to Malaysia, she commenced her career immediately with Shell group of companies under the employment of Sabah Shell Petroleum Company Limited as a Site/Process Engineer Trainee in August 1996 where she was responsible for providing engineering solutions.

In May 1998, she was transferred to Sarawak Shell Berhad, a wholly-owned subsidiary of Shell PLC (a public company listed on the London Stock Exchange) as the Operation/Reliability Engineer where she assumed the same role and responsibilities.

In May 2000, she was transferred to Shell MDS (Malaysia) Sdn Bhd and was redesignated as Business Development Analyst where she was in charge of developing new markets for gas-to-liquid products and performing analytical work for the marketing division. She was later promoted to Distillates Sales Manager in June 2002 where she was involved in the sales and marketing for distillates. In April 2004, she was redesignated as Sales Manager, Chemical and Fuels, where she was responsible for the sales and marketing for chemicals and fuels. She left Shell group of companies in May 2008 and took a career break between June 2008 and March 2009.

In April 2009, she joined Cahayapack (M) Sdn Bhd as Branch Manager where she managed the day-to-day operations of one of the company's branches. She left Cahayapack (M) Sdn Bhd in April 2011 and joined SSTCM in March 2011 as the Director of Supply Chain Management where she was involved in managing our Group's supply chain.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

In August 2023, she was redesignated as Chief Supply Chain Officer, a position she holds to date.

Please refer to Section 9.4.5.3 of this Prospectus for further details of her previous directorship in other company. Presently, she does not hold directorships in any private and public limited companies outside our Group.

She is the spouse of Norazlam Bin Norbi.

9.4.4.4 Norasazly Bin Mohd Taha

Chief Commercial & Business Development Officer

Norasazly Bin Mohd Taha, a Malaysian aged 46, is our Chief Commercial & Business Development Officer. He is responsible for heading the business development and marketing functions of our Group. He has over 20 years of experience in the O&G industry under various roles such as Sales & Service Engineer and Business Development.

He obtained his Bachelor of Chemical Engineering (Honours) from Universiti Putra Malaysia in February 2002.

He began his career in April 2002 with Hablem Oil & Gas (M) Sdn Bhd as Sales & Service Engineer where he was responsible for the sales of various product under the company such as valves, actuator, sampling systems and submitting tenders for such products.

In March 2003, he joined Scomi Group Berhad (a public company then listed on the Main Market of Bursa Securities) under the employment of its wholly-owned subsidiary, Kota Minerals & Chemicals Sdn Bhd as a Drilling Fluids Engineer where he was involved in the provision of technical services. In September 2007, he was transferred to Scomi Oiltools (Thailand) Ltd in Bangkok, Thailand and was subsequently promoted to the role of Drilling Fluids Coordinator. In this role, his responsibilities included overseeing the onshore and offshore technical operations, as well as administrative aspects of the company's business.

In August 2011, he was promoted to Drilling Fluids Manager where his responsibilities expanded to include marketing of the company's core chemicals and services and expanding the company's range of products. In July 2014, he was promoted to Business Unit Manager where he was responsible for the business development and market growth of the company's operations in Thailand, Myanmar, Vietnam, India, Bangladesh and China.

In June 2016, he was transferred to Scomi Oiltools (Cayman) Ltd in Dubai and was promoted to Head of Fluids and Chemical System where he was responsible for the business development of the company's new markets such as Algeria and Kuwait. In November 2017, he was redesignated as Head of Regional Sales (the Middle East and North Africa and Latin America region) where his responsibilities included market penetration and product development. From March 2019 to October 2022, he was transferred to Kuwait where he was redesignated as Business Unit Manager - Kuwait. His responsibilities included overseeing the expansion of the company's principal business markets.

In November 2022, he joined SSTCM as the Director of Business Development and Marketing where he was responsible for implementing new business strategies. He was subsequently redesignated as Chief Commercial and Business Development Officer in August 2023, a position he holds to date.

Presently, he does not hold directorships in any private and public limited companies.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.5 Principal business activities performed by our key senior management outside our Group

The principal business activities performed by our key senior management outside our Group as at the LPD and the directorships held by our key senior management outside our Group, at present ("**Present Directorships**") and in the past 5 years preceding the LPD ("**Previous Directorships**") are set out below:

9.4.5.1 Fock Shaw Chih

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
Kijal Mining Sdn Bhd	Director	20 October 2020	5 September 2023	-	-	Mining activities
Paper & Cloud Sdn Bhd	Director	13 February 2020	23 February 2023	-	-	Dissolved on 7 July 2023
<u>Other business involvement</u>						
-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.5.2 Isham Bin Ismail

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
-	-	-	-	-	-	-
<u>Other business involvement</u>						
-	-	-	-	-	-	-

9.4.5.3 Arlin Binti Nasaruddin

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
Dialog Tarpon Offshore Platforms Sdn Bhd (formerly known as Tarpon Platform Systems Malaysia Sdn Bhd)	Director	18 December 2014	15 November 2023	-	-	Structural and facility engineering, construction, installation and providing a wide range of solutions in the O&G, engineering, civil and construction industries
<u>Other business involvement</u>						
-	-	-	-	-	-	-

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)
9.4.5.4 Norasazly Bin Mohd Taha

Company	Position held	Date appointed as director	Date resigned as director	Direct interest	Indirect interest	Principal activities
<u>Present Directorships</u>						
-	-	-	-	-	-	-
<u>Previous Directorships</u>						
-	-	-	-	-	-	-
<u>Other business involvement</u>						
-	-	-	-	-	-	-

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9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.4.6 Involvement of our key senior management in other businesses or corporations

Save as disclosed in Section 9.4.5 of this Prospectus, as at the LPD, none of our key senior management are involved in any other principal business activities outside our Group. The involvement of our key senior management in business activities outside our Group does not give rise to any existing or potential conflict of interest situation and will not affect their commitment, ability to perform their responsibilities and continued contribution to the day-to-day management and operations of our Group as our key senior management do not participate in the day-to-day operations of these businesses. Such businesses do not require their involvement on a daily basis and these businesses are managed by their respective management.

9.4.7 Remuneration and material benefits in-kind of our key senior management

The aggregate remuneration and material benefits in-kind (including any contingent or deferred remuneration) paid or proposed to be paid to our key senior management for services rendered to us in all capacities to our Group for the FYE 2023, FYE 2024 and FYE 2025 are set out below:

Key senior management	←-----Remuneration band-----→		
	FYE 2023 (Paid as at the LPD) ⁽¹⁾ RM'000	FYE 2024 (Paid as at the LPD) ⁽¹⁾ RM'000	FYE 2025 (Proposed to be paid) ⁽²⁾ RM'000
Fock Shaw Chih	700 - 750	750 - 800	650 - 700
Isham Bin Ismail	850 - 900	850 - 900	750 - 800
Arlin Binti Nasaruddin	1,150 - 1,200	1,200 - 1,250	1,000 - 1,050
Norasazly Bin Mohd Taha	650 - 700	850 - 900	700 - 750

Notes:

- (1) Includes the bonus paid in FYE 2023 and FYE 2024 based on the performance of the respective key senior management in FYE 2022 and FYE 2023 respectively.
- (2) The bonuses for FYE 2025 are not included as they have yet to be determined. Such bonuses, if any, will be determined at a later date based on our Group's and the individual's performance.

9.4.8 Service contracts with our key senior management

As at the date of this Prospectus, there are no existing or proposed service contracts between our key senior management and us which provide for benefits upon termination of employment.

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

9.5 ASSOCIATIONS OR FAMILY RELATIONSHIP BETWEEN OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no other family relationships and associations among our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

Name	Designation	Relationship
Toh Chee Seng	<ul style="list-style-type: none"> Promoter Substantial shareholder Selling Shareholder Executive Deputy Chairman 	<ul style="list-style-type: none"> Director of SSTCM Substantial shareholder and director of Atreon
Norazlam Bin Norbi	<ul style="list-style-type: none"> Promoter Substantial shareholder Selling Shareholder Executive Director/Chief Executive Officer 	<ul style="list-style-type: none"> Director of SSTCM Substantial shareholder and director of Atreon Spouse of Arlin Binti Nasaruddin, the Chief Supply Chain Officer of our Group
Ramli Bin Mohamad	<ul style="list-style-type: none"> Promoter Shareholder Selling Shareholder Executive Director/Chief Operating Officer 	<ul style="list-style-type: none"> Director of SSTCM Substantial shareholder and director of Atreon
Arlin Binti Nasaruddin	<ul style="list-style-type: none"> Chief Supply Chain Officer 	<ul style="list-style-type: none"> Director of SSTCM Spouse of Norazlam Bin Norbi, the Executive Director/Chief Executive Officer of Sumisaujana Group

9.6 DECLARATION BY OUR PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, our Promoters, Directors and key senior management have confirmed that he or she is not and has not been involved in any of the following events, whether in or outside Malaysia:

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or member of key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his or her part, involving a breach of any law or regulatory requirement that relates to the capital market;

9. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (CONT'D)

- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his or her part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

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10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

Under the Listing Requirements, a **"related party transaction"** is a transaction entered into by a listed issuer or its subsidiary that involves the interest, direct or indirect, of a related party. A **"related party"** of a listed issuer is:

- (i) a director, having the meaning given in subsection 2(1) of the CMSA, and includes any person who is or was within the preceding 6 months of the date in which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder, and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company, and has or had an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is:
 - (a) 10.00% or more of all the voting shares in the corporation; or
 - (b) 5.00% or more of all the voting shares in the corporation where such person is the largest shareholder of the corporation; or
- (iii) a person connected with such director or major shareholder.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.1 Material related party transactions

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

			<-----Transaction value----->					1 October 2024 up to the LPD
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000		RM'000
SSTCM and Atreon	Atreon is a Promoter, substantial shareholder and Selling Shareholder of Sumisaujana and SSTCM is a subsidiary of Sumisaujana.	<ul style="list-style-type: none"> Rental and deposits of office premises at No. 24, 24-01 & 24-02, Jalan Kelicap 1, Bukit Pelali @ Pengerang, 81600 Pengerang, Johor from Atreon by SSTCM⁽¹⁾ 	-	-	52 (Represents 0.17% of our Group's PAT for the FYE 2023)	36 (Represents 0.34% of our Group's PAT for FPE 2024)		16
	Norazlam Bin Norbi, Toh Chee Seng and Ramli Bin Mohamad who are the Promoters, shareholders and Directors of Sumisaujana are also the directors and substantial shareholders of Atreon.	<ul style="list-style-type: none"> Rental and deposits of office premises at A-8-06, Block A, Oasis Square, No, 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor from Atreon by SSTCM⁽²⁾ Purchase of plant, equipment and furniture from Atreon by SSTCM⁽³⁾ 	-	-	78 (Represents 0.25% of our Group's PAT for the FYE 2023)	59 (Represents 0.56% of our Group's PAT for FPE 2024)		26
			987 (Represents 10.86% of our Group's PAT for the FYE 2021)	-	-	18 (Represents 0.17% of our Group's PAT for FPE 2024)		-

10. RELATED PARTY TRANSACTIONS (CONT'D)

			<-----Transaction value----->				1 October 2024 up to the LPD RM'000
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	
		<ul style="list-style-type: none">Sales of plant and equipment to Atreon by SSTCM⁽³⁾	4 (Represents 0.04% of our Group's PAT for the FYE 2021)	-	-	-	-
		<ul style="list-style-type: none">Secondment fees paid to Atreon by SSTCM⁽⁴⁾	577 (Represents 6.35% of our Group's PAT for the FYE 2021)	1,400 (Represents 8.34% of our Group's PAT for the FYE 2022)	-	-	-
		<ul style="list-style-type: none">Management fees paid to Atreon by SSTCM⁽⁵⁾	-	1,488 (Represents 8.86% of our Group's PAT for the FYE 2022)	-	-	-
		<ul style="list-style-type: none">Expenses paid on behalf of Atreon by SSTCM⁽⁶⁾	55 (Represents 0.61% of our Group's PAT for the FYE 2021)	34 (Represents 0.20% of our Group's PAT for the FYE 2022)	17 (Represents 0.06% of our Group's PAT for the FYE 2023)	28 (Represents 0.27% of our Group's PAT for FPE 2024)	2

10. RELATED PARTY TRANSACTIONS (CONT'D)

			<-----Transaction value----->				1 October 2024 up to the LPD RM'000
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	
		<ul style="list-style-type: none">Expenses paid on behalf of SSTCM by Atreon⁽⁷⁾	-	-	19 (Represents 0.06% of our Group's PAT for the FYE 2023)	-	-
SSTCM and TCM Chemicals Inc	TCM Chemicals Inc was a substantial shareholder of SSTCM. TCM Chemicals Inc disposed its entire 40.00% equity interest in SSTCM to Atreon on 21 March 2022 and ceased to be our Group's related party.	<ul style="list-style-type: none">Sales return by TCM Chemicals Inc to SSTCM⁽⁸⁾	194 (Represents 2.13% of our Group's PAT for the FYE 2021)	-	-	-	-
		<ul style="list-style-type: none">Freight charges paid to TCM Chemicals Inc by SSTCM⁽⁹⁾	11 (Represents 0.02% of our Group's cost of sales for the FYE 2021)	-	-	-	-
		<ul style="list-style-type: none">Consultancy fees paid to TCM Chemicals Inc by SSTCM⁽¹⁰⁾	803 (Represents 8.83% of our Group's PAT for the FYE 2021)	200 (Represents 1.19% of our Group's PAT for the FYE 2022)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

				<-----Transaction value----->				1 October 2024 up to the LPD
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	RM'000	
SSTCM and Quadchem Sdn Bhd	Atreon who is the Promoter, substantial shareholder and Selling Shareholder of Sumisaujana was also a substantial shareholder of Quadchem Sdn Bhd and SSTCM is a subsidiary of Sumisaujana. Atreon has disposed its shares in Quadchem Sdn Bhd to a non-related third party on 27 December 2022 and ceased to be our Group's related party.	• Sale trading and manufactured goods to Quadchem Sdn Bhd by SSTCM ⁽¹¹⁾	2,944 (Represents 3.08% of our Group's revenue for the FYE 2021)	707 (Represents 0.48% of our Group's revenue for the FYE 2022)	-	-	-	
		• Purchase of raw material from Quadchem Sdn Bhd by SSTCM ⁽¹¹⁾	333 (Represents 0.50% of our Group's cost of sales for the FYE 2021)	10 (Represents 0.01% of our Group's cost of sales for the FYE 2022)	-	-	-	
		• Transportation service fee charged to Quadchem Sdn Bhd by SSTCM ⁽¹²⁾	12 (Represents 0.13% of our Group's PAT for the FYE 2021)	-	-	-	-	
Toh Chee Seng and Ramli Bin Mohamad who are the Promoters, shareholders, Selling Shareholder and Directors of Sumisaujana were also directors of Quadchem Sdn Bhd. They resigned on 20 December 2022.								

10. RELATED PARTY TRANSACTIONS (CONT'D)

			<div><-----Transaction value-----></div>				1 October 2024 up to the LPD
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	RM'000
SSTCM and Veldman Consulting Corporation	Raynard Rene Veldman , the sole shareholder of Veldman Consulting Corporation is also a director and shareholder of TCM Chemicals Inc. TCM Chemicals Inc was a substantial shareholder of SSTCM. TCM Chemicals Inc disposed its entire 40.00% equity interest in SSTCM to Atreon on 21 March 2022 and has ceased to be our Group's related party. He was a director of SSTCM and ceased to be a director of SSTCM on 22 March 2022.	<ul style="list-style-type: none">Consultancy fees paid to Veldman Consulting Corporation by SSTCM⁽¹³⁾	531 (Represents 5.84% of our Group's PAT for the FYE 2021)	125 (Represents 0.74% of our Group's PAT for the FYE 2022)	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)

				<-----Transaction value----->				1 October 2024 up to the LPD
Transacting parties	Nature of relationship	Nature of transaction	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000		RM'000
SSTCM and Cahayapack (M) Sdn Bhd	Gapilin Bin Nasaruddin , the sibling-in-law of Norazlam Bin Norbi and brother of Arlin Binti Nasaruddin , is the director of Cahayapack (M) Sdn Bhd and has 70.00% interest in Cahayapack (M) Sdn Bhd.	• Provision of moving and logistics services by Cahayapack (M) Sdn Bhd to SSTCM ⁽¹⁴⁾	27 (Represents 0.30% of our Group's PAT for the FYE 2021)	39 (Represents 0.23% of our Group's PAT for the FYE 2022)	20 (Represents 0.07% of our Group's PAT for the FYE 2023)	5 (Represents 0.05% of our Group's PAT for FPE 2024)		1
	Nurabaina Binti Nasaruddin , the sibling-in-law of Norazlam Bin Norbi and sister of Arlin Binti Nasaruddin , is the director of Cahayapack (M) Sdn Bhd and has 20.00% interest in Cahayapack (M) Sdn Bhd.							

10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

- (1) Our Group had rented a 3-storey shop office from Atreon to use as one of our operational office in Johor. The salient terms of the tenancy agreement are set out below:

Address	: No. 24, 24-01 & 24-02, Jalan Kelicap 1, Bukit Pelali @ Pengerang, 81600 Pengerang, Johor
Floor area	: Approximately 1,680 sq ft
Built-up area	: 4,745 sq ft
Tenancy period	: 2 years with an option to renew at the discretion of the landlord
Term of tenancy	: 1 March 2025 to 28 February 2027
Annual rental (RM)	: RM54,000

The amount paid in FYE 2023 was inclusive of deposit paid of RM12,000, being security deposit of RM8,000 and utilities deposit of RM4,000. This rental payment to Atreon is a recurring related party transaction.

- (2) Our Group had rented a unit of office on the 8th floor of a 12-storey office building from Atreon to use as one of our operational office in Selangor. The salient terms of the tenancy agreement are set out below:

Address	: A-8-06, Block A, Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor
Floor area	: Approximately 1,840 sq ft
Built-up area	: 1,851 sq ft
Tenancy period	: 2 years with an option to renew at the discretion of the landlord
Term of tenancy	: 1 April 2025 to 31 March 2027
Annual rental (RM)	: RM108,000

The amount paid in FYE 2023 was inclusive of deposit paid of RM19,500, being security deposit of RM13,000 and utilities deposit of RM6,500. This rental payment to Atreon is a recurring related party transaction.

- (3) In FYE 2021, our Group had purchased a corrosion monitoring system from Atreon to monitor the corrosion condition of the equipment used at Puncak Alam Factory and sold a unit of laptop to Atreon for one of the staff in Atreon who was seconded to SSTCM. In FPE 2024, our Group had also purchased furniture from Atreon for its rented operational office at No. 29, Jalan Eco Perindustrian 1/1B, Eco Perindustrian 5, 42300 Bandar Puncak Alam, Selangor.
- (4) Secondment fees payable to Atreon by SSTCM for seconded personnels from sales (to handle trading and project-based sales), engineering and Health, Safety, Security and Environment departments to SSTCM. Atreon is not in the similar business as our Group and Atreon is involved in the business of investment holding, manpower, trading, waste management, mining activities, supply of computer hardware as well as software and computer systems development and maintenance.
- (5) Management fees payable to Atreon by SSTCM for providing accounting and financial advisory/support services, corporate treasury and risk management services, IT support services, human resources and administration services. The personnels involved in the provision of management services by Atreon to SSTCM were in the managerial positions who were tasked to supervise and provide guidance to SSTCM's in-house personnels.

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (6) In FYE 2021, SSTCM had paid on behalf of Atreon for the vaccination, flight, accommodation and travelling mileage of Atreon's employees which has been fully reimbursed by Atreon as at the LPD. In FPE 2024, SSTCM had paid on behalf of Atreon for the staff medical insurance of Atreon's employees which has been fully reimbursed by Atreon as at the LPD. From 1 October 2024 up to the LPD, SSTCM had paid on behalf of Atreon for the staff training of Atreon's employee which has been fully reimbursed by Atreon as at the LPD.
- (7) Atreon, as the registered owner of an office premises at A-8-06, Block A, Oasis Square, No, 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor has paid the utilities expenses (i.e. water, telephone, printer and cleaning services) on behalf of SSTCM and was subsequently reimbursed by SSTCM.
- (8) Return of the defected factant emulsifier which was sold to TCM Chemicals Inc during the FYE 2020.
- (9) Freight charges were incurred in relation to return of defected factant emulsifier which was sold to TCM Chemicals Inc during the FYE 2020.
- (10) Consultancy fees payable to TCM Chemicals Inc by SSTCM for providing guidance and advice in relation to the maintenance, defence and improvement of the patents owned by our Group, troubleshooting on our Group's product, markets where our Group is operating and the future products innovation and improvement of our Group. As at the LPD, TCM Chemicals Inc still provides such consultancy services to SSTCM.
- (11) Comprises of hydrogen peroxide, proxitane, calcium nitrate and calcium nitrate brine. SSTCM purchased trading goods (i.e. hydrogen peroxide as the raw material) from third party suppliers on behalf of Quadchem Sdn Bhd and subsequently, SSTCM resold the trading goods (i.e. hydrogen peroxide, proxitane, calcium nitrate) to Quadchem Sdn Bhd. In the event of urgency where the hydrogen peroxide used in SSTCM's production is insufficient, SSTCM would repurchase the hydrogen peroxide from Quadchem Sdn Bhd.
- (12) Transportation service fee charged to Quadchem Sdn Bhd by SSTCM for the delivery of goods purchased by Quadchem Sdn Bhd.
- (13) Consultancy fee payable by SSTCM to Veldman Consulting Corporation covers provision of technical know-how and essential skills to support SSTCM in preparing quotations and product samples as well as dealing with customers within the American region. As at the LPD, Veldman Consulting Corporation does not provide such consultancy services to SSTCM.
- (14) Provision of moving and logistics services such as office moving services and haulage services which consist of delivery and transport of equipment and/or container. This is a recurring related party transaction.

Our Directors confirm that the related party transactions outlined above were transacted on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and not unfavourable to our Group, and are not detrimental to the non-interested shareholders. This was determined based on the benchmarking exercises pursuant to the transfer pricing documentation report for FYE 2021 to FYE 2023 and FPE 2024 based on the following:

- (i) rental expense paid to Atreon were based on the then prevailing market rental rates;
- (ii) expenses paid on behalf of Atreon by SSTCM and expenses paid on behalf of SSTCM by Atreon were fully reimbursed by Atreon based on the actual cost incurred;

10. RELATED PARTY TRANSACTIONS (CONT'D)

- (iii) consultancy services fees paid to TCM Chemicals Inc and Veldman Consulting Corporation were based on comparable fees charged from other service providers;
- (iv) secondment fees paid to Atreon was based on reimbursement at cost for the FYE 2021 and staff cost plus 10% mark-up for the FYE 2022, meanwhile the management fees paid to Atreon for the FYE 2022 was based on the total costs (which includes salary and other staff costs, upkeep and maintenance, utilities and general expenses) plus 5% mark-up; and
- (v) moving and logistics service fee paid to Cahayapack (M) Sdn Bhd by SSTCM was based on comparable quotes from other service providers which are calculated based on cost plus mark-up model and negotiation between SSTCM and Cahayapack (M) Sdn Bhd.

Save for the recurrent related party transactions ("**RRPTs**") which will subsist after our Listing as disclosed in notes (1), (2) and (14) of the table above and the acquisitions of the New Puncak Alam Warehouse and New Puncak Alam Corporate Office (please refer to Section 4.6 of this Prospectus for further details), which will be conducted at an arm's length basis and on normal commercial terms not more favourable to the related parties than those generally available to the third parties and will not be detrimental to our Group as well as to the non-interested shareholders. Our Directors also confirm that there are no other material related party transactions that have been entered by our Group that involve the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them but not yet effected up to the date of this Prospectus.

For the avoidance of doubt, the acquisition of the existing Puncak Alam Factory from Earthwood Furniture Sdn Bhd is not regarded as a related party transaction in view that the vendor is a non-related third-party.

After our Listing, the Audit and Risk Management Committee will review the terms of any related party transactions to ensure that the related party transactions are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the third parties and not unfavourable to the Group, and are not detrimental to the non-interested shareholders.

We will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions can be deemed as RRPTs, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such RRPTs during the validity period of the mandate.

For any proposed related party transactions that involve the interest, direct or indirect, of the Directors, the interested Director shall:

- (i) disclose their interest to the Board, of the nature and extent of their interest; and
- (ii) abstain from any Board deliberation and voting on the relevant resolution in respect of such proposed related party transaction.

For any proposed related party transactions that require prior shareholders' approval, the interested Directors, major shareholders and/or persons connected with them which have any interest, direct or indirect, in the proposed related party transactions shall abstain from voting. Such interested Director and/or major shareholder will ensure that persons connected with them, if any, will abstain from voting on the resolution at the general meeting.

10. RELATED PARTY TRANSACTIONS (CONT'D)

In addition, to safeguard the interest of our Group and our minority shareholders, and to mitigate any potential conflict of interest situation, our Audit and Risk Management Committee will review the terms of the related party transactions to ensure that related party transactions are carried out on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third parties and not unfavourable to our Group, and are not detrimental to the non-interested shareholders. Our Audit and Risk Management Committee will also, among others, supervise and monitor any RRPT and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any RRPT entered into by us.

10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There were no related party transactions that were unusual in its nature or conditions, involving goods, services, tangible or intangible assets, to which our Company or our Subsidiary were a party in respect of the Financial Periods Under Review and up to the LPD.

10.1.3 Outstanding loans and/or financial assistance made to or for the benefit of related parties

There are no outstanding loans and financial assistances made to or for the benefit of any related party during the Financial Periods Under Review up to the LPD.

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10. RELATED PARTY TRANSACTIONS (CONT'D)

10.1.4 Outstanding loans and/or financial assistance received from related parties

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

No.	Parties	Interested party and relationship	related nature of transaction and purpose	-----Outstanding amount----->				
				As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 30 September 2024 RM'000	As at the LPD RM'000
1.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng and corporate guarantee by Atreon in favour of SME Bank in relation to banking facilities of RM7.00 million for working capital purposes granted to SSTCM ⁽¹⁾	3,850	4,698	543	383	312
2.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng and corporate guarantee by Atreon in favour of SME Bank in relation to banking facilities of RM12.40 million for purchase of plant and equipment granted to SSTCM ⁽¹⁾	1,810	1,120	-	3,418	7,800

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested party and relationship	related nature of transaction and purpose	<-----Outstanding amount----->				
				As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 30 September 2024 RM'000	As at the LPD RM'000
3.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng and corporate guarantee by Atreon in favour of HSBC Amanah Malaysia Berhad in relation to banking facilities of RM10.00 million for working capital purposes granted to SSTCM ⁽²⁾	-	2,540	2,352	-	-
4.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin and Toh Chee Seng and corporate guarantee by Atreon in favour of HSBC Amanah Malaysia Berhad in relation to industrial hire purchase facilities of up to RM5.00 million granted to SSTCM ⁽²⁾	-	-	-	173	163

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested party and relationship	related nature of transaction and purpose	-----Outstanding amount----->				
				As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 30 September 2024 RM'000	As at the LPD RM'000
5.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad	Atreon is a promoter and substantial shareholder of Sumisaujana.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad and corporate guarantee by Atreon in favour of Export-Import Bank of Malaysia Berhad ("EXIM Bank") in relation to banking facilities of RM32.89 million for working capital purposes granted to SSTCM ⁽³⁾	4,001	6,577	7,801	-	-
6.	SSTCM, Norazlam Bin Norbi and Arlin Binti Nasaruddin	Norazlam Bin Norbi and Arlin Binti Nasaruddin are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi and Arlin Binti Nasaruddin in favour of Standard Chartered Bank Malaysia Berhad in relation to banking facilities of RM4.20 million for working capital purposes granted to SSTCM ⁽⁴⁾	2,662	2,687	2,912	554	420
7.	SSTCM Norazlam Bin Norbi	and Norazlam Bin Norbi is a director of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi in favour of BMW Credit (M) Sdn Bhd in relation to a vehicle hire purchase facility granted to SSTCM ⁽⁵⁾	596	393	237	162	127
8.	SSTCM Norazlam Bin Norbi	and Norazlam Bin Norbi is a director of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi in favour of Public Bank Berhad in relation to vehicle hire purchase facilities granted to SSTCM ⁽⁶⁾	261	182	195	1,019	899

10. RELATED PARTY TRANSACTIONS (CONT'D)

No.	Parties	Interested party and relationship	related nature of transaction and purpose	-----Outstanding amount----->				
				As at 31 December 2021 RM'000	As at 31 December 2022 RM'000	As at 31 December 2023 RM'000	As at 30 September 2024 RM'000	As at the LPD RM'000
9.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad and corporate guarantee by Atreon in favour of Maybank Islamic Bank Berhad in relation to Islamic banking facilities of up to RM30.00 million for working capital purposes granted to SSTCM ⁽⁷⁾	-	-	7,064	19,961	8,134
10.	SSTCM, Atreon, Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad	Atreon is a promoter and substantial shareholder of Sumisaujana. Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi, Arlin Binti Nasaruddin, Toh Chee Seng and Ramli Bin Mohamad and corporate guarantee by Atreon in favour of Maybank Islamic Bank Berhad in relation to Islamic banking facilities of up to RM2.00 million in relation to hire purchase of plant, machinery/equipment and vehicle granted to SSTCM ⁽⁷⁾	-	-	90	1,879	1,736
11.	Norazlam Bin Norbi and Toh Chee Seng	Norazlam Bin Norbi, Toh Chee Seng and are directors of SSTCM.	Provision of personal guarantee by Norazlam Bin Norbi and Toh Chee Seng in favour of the landlord in relation to the rental of Lot 6 Warehouse ⁽⁸⁾	-	-	-	-	-

10. RELATED PARTY TRANSACTIONS (CONT'D)**Notes:**

- (1) On 18 August 2023, 19 October 2023 and 24 October 2023, SSTCM had received the conditional approval from SME Bank to discharge the personal and corporate guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing and consent from Syarikat Jaminan Pembiayaan Perniagaan Berhad ("**SJPP**"). SME Bank further confirmed on 10 October 2023 that SME Bank will request for the consent from SJPP after the success of our Listing.
- (2) On 6 July 2023 and 23 August 2023, SSTCM had received the conditional approval from HSBC Amanah Malaysia Berhad to discharge the personal and corporate guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing.
- (3) On 22 August 2023 and 14 December 2023, SSTCM had received the conditional approval from EXIM Bank to discharge the personal and corporate guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing. As at the LPD, SSTCM has cancelled the banking facilities with EXIM Bank and is in the midst of discharging the personal and corporate guarantees provided to EXIM Bank.
- (4) On 26 February 2024, SSTCM had received the conditional approval from Standard Chartered Bank Malaysia Berhad to discharge the personal guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing and Norazlam Bin Norbi to remain as a controlling party and majority shareholder of our Company.
- (5) On 12 June 2023, SSTCM had received the conditional approval from BMW Credit (M) Sdn Bhd to discharge the personal guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing.
- (6) On 31 May 2023 and 6 July 2023, SSTCM had received the conditional approval from Public Bank Berhad to discharge the personal guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing.
- (7) On 2 October 2023, SSTCM had received the conditional approval from Maybank Islamic Bank Berhad to discharge the personal and corporate guarantees by substituting the same with a corporate guarantee from our Company as a listed entity and subject to the success of our Listing.
- (8) On 2 March 2023, SSTCM had received the conditional approval from the landlord to release the personal guarantees subject to, among others, the success of our Listing and replacement of the personal guarantees with corporate guarantee from our Company.

10. RELATED PARTY TRANSACTIONS (CONT'D)

10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

10.2.1 Audit and Risk Management Committee review

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

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

10.2.2 Our Group's policy on related party transactions

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions.

Some of our Directors are also directors and/or shareholders of a related party to our Group, as disclosed in Sections 10.1.1 and 10.1.4 of this Prospectus and/or directors and/or shareholders of companies that are in similar trade to our Group or are customers or suppliers of our Group, as disclosed in Section 11.1 of this Prospectus. It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders. In respect of our Directors' interest in companies carrying on similar business, our Directors will also be required to abstain from deliberations and voting on resolutions pertaining to matters and/or transactions where a conflict of interest may arise.

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

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

11. CONFLICT OF INTEREST

11.1 INTEREST IN ENTITIES WHICH CARRY ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS OR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders have any interest, whether direct or indirect, in any businesses or corporations:

- (i) which are carrying on a similar trade as that of our Group; or
- (ii) which are the customers or suppliers of our Group and their interests in other businesses.

All existing and potential conflict of interest situations have been resolved, eliminated and mitigated.

Upon Listing, the Audit and Risk Management Committee will assess the financial risk and matters relating to any potential conflict of interest situation that may arise within our Group, including any transaction, procedure or course of conduct that raises questions of management integrity, to ensure that transactions are carried out on terms that are not detrimental and in the best interest of our Group. Any future dealings with parties in which the Directors and substantial shareholders of our Company have interest, direct or indirect, will be based on established procedures for related party transactions to ensure that they are carried out on an arms' length basis.

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

11.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST

11.2.1 Declaration by RHB Investment Bank

RHB Investment Bank, our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, and its related companies ("**RHB Banking Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses. The RHB Banking Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our Directors, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the RHB Banking Group generally acting independently of each other, and accordingly, there may be situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the RHB Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions. The related companies of RHB Investment Bank may also subscribe for our IPO Shares to be offered under the Institutional Offering.

11. CONFLICT OF INTEREST (CONT'D)

Notwithstanding the above, RHB Investment Bank is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our IPO due to the following reasons:

- (i) RHB Investment Bank is a licensed investment bank and its appointment as the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent is in the ordinary course of its business. RHB Investment Bank does not receive or derive any financial interest or benefit save for the professional fees, sponsorship fees, underwriting commission and placement fees received in relation to the aforesaid appointment;
- (ii) the Corporate Finance division of RHB Investment Bank is required under its investment banking licence to comply with strict policies and guidelines issued by the SC, Bursa Securities and Bank Negara Malaysia governing its advisory operations. These guidelines require, among others, the establishment of Chinese wall policies, clear segregation between dealing and advisory activities and the formation of an independent committee to review its business operations; and
- (iii) the conduct of the RHB Banking Group in its banking business is strictly regulated by the Financial Services Act, 2013, Islamic Financial Services Act, 2013, CMSA and the RHB Banking Group's own internal controls and checks which includes, segregation of reporting structures, in that its activities are monitored and reviewed by independent parties and committees.

SSTCM has accepted a facility from RHB Banking Group, which is a combined Islamic multi trade lines facility of up to RM25,000,000 taken up by SSTCM by way of acceptance on 10 June 2024. As at the LPD, SSTCM has not drawdown from the facility.

As at the LPD, RHB Investment Bank confirms that there is no existing and potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent for our Listing.

11.2.2 Declaration by Ong Eu Jin Partnership

Ong Eu Jin Partnership confirms that there is no existing and potential conflict of interest in its capacity as the Legal Adviser to our Company in relation to our Listing.

11.2.3 Declaration by Crowe Malaysia PLT

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

11.2.4 Declaration by Crowe KL Tax Sdn Bhd

Crowe KL Tax Sdn Bhd confirms that there is no existing and potential conflict of interest in its capacity as the Tax Advisers to our Company in relation to our Listing.

11.2.5 Declaration by Vital Factor

Vital Factor confirms that there is no existing and potential conflict of interest in its capacity as the Independent Business and Market Research Consultants to our Company in relation to our Listing.

11. CONFLICT OF INTEREST (CONT'D)

11.2.6 Declaration by Sterling Business Alignment Consulting Sdn Bhd

Sterling Business Alignment Consulting Sdn Bhd confirms that there is no existing and potential conflict of interest in its capacity as the Governance, Risk and Internal Control Consultant to our Company in relation to our Listing.

11.2.7 Declaration by Mitra

Mitra confirms that there is no existing and potential conflict of interest in its capacity as the Valuer to our Company for the valuation of Lot 41735, Lot 41736 and Puncak Alam Factory.

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12. FINANCIAL INFORMATION

12.1 HISTORICAL FINANCIAL INFORMATION

The historical combined financial information for the FYE 2021, FYE 2022, FYE 2023, FPE 2023 and FPE 2024 presented below have been extracted from the audited combined financial statements contained in the Accountants' Report included in Section 13 of this Prospectus.

The following historical combined financial information should be read in conjunction with the Management's Discussion and Analysis of Financial Condition and Results of Operation as set out in Section 12.3 of this Prospectus and the Accountants' Report, together with its related notes and assumptions as set out in Section 13 of this Prospectus. Our financial statements have been prepared in accordance with the MFRS and IFRS.

12.1.1 Historical combined statements of profit or loss and other comprehensive income

The following table sets out the combined statements of profit or loss and other comprehensive income of our Group based on our audited combined financial statements for the Financial Periods Under Review:

	<-----Audited----->			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	95,725	145,817	198,783	131,486	130,706
Cost of sales	(66,906)	(93,757)	(130,936)	(80,545)	(85,276)
GP	28,819	52,060	67,847	50,941	45,430
Other income	1,660	3,313	7,949	4,982	1,389
Selling and distribution expenses	(5,979)	(8,211)	(8,154)	(5,108)	(7,437)
Administrative expenses	(10,547)	(20,030)	(19,908)	(13,113)	(15,891)
Other expenses	(977)	(2,255)	(4,871)	(2,161)	(8,054)
Finance costs	(645)	(1,181)	(1,485)	(1,144)	(995)
Impairment loss on financial assets	-	-	-	-	(30)
PBT	12,331	23,696	41,378	34,397	14,412
Income tax expense	(3,241)	(6,906)	(10,762)	(9,177)	(3,915)
PAT	9,090	16,790	30,616	25,220	10,497
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year/period	9,090	16,790	30,616	25,220	10,497
PAT attributable to:					
• Owners of the Company	9,090	16,790	30,616	25,220	10,497
Total comprehensive income attributable to:					
• Owners of the Company	9,090	16,790	30,616	25,220	10,497
EBITDA (RM'000) ⁽¹⁾	16,510	28,437	47,110	38,817	18,867
GP margin (%) ⁽²⁾	30.11	35.70	34.13	38.74	34.76
EBITDA margin (%) ⁽³⁾	17.25	19.50	23.70	29.52	14.43
PBT margin (%) ⁽⁴⁾	12.88	16.25	20.82	26.16	11.03
PAT margin (%) ⁽⁵⁾	9.50	11.51	15.40	19.18	8.03

12. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Number of Shares in issue after the IPO ('000)	1,443,602	1,443,602	1,443,602	1,443,602	1,443,602
Basic EPS (sen) ⁽⁶⁾	0.63	1.16	2.12	1.75	0.73

Notes:

- (1) EBITDA represents earnings before net finance cost, taxation, depreciation and amortisation and is computed as follows:

	<-----Audited----->			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000	RM'000
PBT	12,331	23,696	41,378	34,397	14,412
Adjusted for:					
Finance cost	645	1,181	1,485	1,144	995
Interest income	(23)	(32)	(381)	(80)	(473)
Depreciation of plant and equipment	2,543	1,824	2,227	1,612	1,997
Depreciation of ROU assets	1,085	1,874	2,507	1,823	2,132
Amortisation of government grant	(71)	(106)	(106)	(79)	(196)
EBITDA	16,510	28,437	47,110	38,817	18,867

- (2) Computed as GP divided by revenue.
- (3) Computed as EBITDA divided by revenue.
- (4) Computed as PBT divided by revenue.
- (5) Computed as PAT divided by revenue.
- (6) Computed as PAT divided by our enlarged number of issued Shares of 1,443,601,600 Shares after the IPO.

12.1.2 Historical combined statements of financial position

The following table sets out the summary of the combined statements of financial position of our Group based on our audited combined financial statements for the Financial Periods Under Review:

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Non-current assets	20,572	21,000	21,414	29,096
Current assets	66,511	104,718	141,235	98,863
Total assets	87,083	125,718	162,649	127,959

12. FINANCIAL INFORMATION (CONT'D)

	<-----Audited----->			
	FYE 2021	FYE 2022	FYE 2023	FPE 2024
	RM'000	RM'000	RM'000	RM'000
Share capital	*	*	*	*
Invested equity	5,900	5,900	5,900	5,900
Retained profits	46,511	56,300	64,916	75,413
Total equity	52,411	62,200	70,816	81,313
Non-current liabilities	8,921	7,727	5,775	10,356
Current liabilities	25,751	55,791	86,058	36,290
Total liabilities	34,672	63,518	91,833	46,646
Total equity and liabilities	87,083	125,718	162,649	127,959

Note:

* Negligible, represents RM100 for each of the Financial Periods Under Review.

FYE 2022 compared to FYE 2021**Non-current assets**

Our non-current assets increased by RM0.43 million or 2.08% to RM21.00 million in FYE 2022 (FYE 2021: RM20.57 million), mainly attributed to the increase in ROU assets for our manufacturing and operational facilities.

Current assets

Our current assets increased by RM38.21 million or 57.44% to RM104.72 million in FYE 2022 (FYE 2021: RM66.51 million), mainly attributed to the higher trade receivables by RM17.43 million which was driven by higher billings for the sales of O&G specialty chemicals. In addition, our cash and bank balances increased by RM17.04 million in FYE 2022, mainly attributed to the collection arising from the increase in revenue from our business operations.

Non-current liabilities

Our non-current liabilities decreased by RM1.19 million or 13.38% to RM7.73 million in FYE 2022 (FYE 2021: RM8.92 million), mainly attributed to the lower long-term borrowings by RM1.04 million or 42.47%. This was mainly due to the higher repayment of term loans used for the purchase of equipment for our manufacturing operations and working capital purposes.

Current liabilities

Our current liabilities increased by RM30.04 million or 116.66% to RM55.79 million in FYE 2022 (FYE 2021: RM25.75 million). This was mainly attributed to an increase of RM8.20 million in accruals pertaining to bonus payable and related expenses, as well as an increase of RM6.05 million in short-term borrowings used for working capital purposes. In addition, there was RM5.00 million of dividend payable to shareholders declared in FYE 2022, which were paid in FYE 2023. As at FYE 2022, there was also current tax liabilities of RM3.25 million arising from higher profit.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023 compared to FYE 2022****Non-current assets**

Our non-current assets increased by RM0.41 million or 1.97% to RM21.41 million in FYE 2023 (FYE 2022: RM21.00 million). This was mainly attributed to the increase in plant and equipment by RM2.48 million for the purchase of computer software, 5 units of International Standard Organisation standard tanks and a rotary lobe pump system for our production floor, renovation of our Puncak Alam Factory, purchase of furniture and fittings, laboratory equipment, storage facilities as well as computer and office equipment. The increase in plant and equipment was partially offset by the absence of a joint venture investment in Indonesia, compared to an investment of RM1.19 million in FYE 2022.

Current assets

Our current assets increased by RM36.52 million or 34.87% to RM141.24 million in FYE 2023 (FYE 2022: RM104.72 million). This was mainly attributed to the increase in trade receivables by RM24.57 million which was driven by higher billings for the sales of O&G specialty chemicals.

Non-current liabilities

Our non-current liabilities decreased by RM1.95 million or 25.26% to RM5.78 million in FYE 2023 (FYE 2022: RM7.73 million), mainly attributed to the lower lease liabilities by RM1.08 million or 39.01%. This was mainly due to the higher repayment of lease liabilities pertaining to the rental payments for our manufacturing and operational facilities.

Current liabilities

Our current liabilities increased by RM30.27 million or 54.25% to RM86.06 million in FYE 2023 (FYE 2022: RM55.79 million), mainly attributed to the increase of RM26.28 million in trade payables mainly attributed to the outstanding amount owing to a supplier based in Denmark for the purchase of refining catalysts. There was also an increase of RM3.00 million in dividend payable to shareholders declared in FYE 2023, which was subsequently paid in June 2024. In addition, short term borrowing increased by RM3.77 million mainly attributed to higher trust receipts and bankers' acceptances.

FPE 2024 compared to FYE 2023**Non-current assets**

Our non-current assets increased by RM7.68 million or 35.87% to RM29.10 million in FPE 2024 (FYE 2023: RM21.41 million). This was mainly attributed to the increase in plant and equipment by RM8.90 million for the purchase of plant and machinery including reactors, blend tank, thermal oil heater, condenser for reactor, cooling water system, scrubber system, thermal oil cooling system, storage tank, product pump and autofill machine and laboratory equipment, motor vehicles, renovation, furniture and fittings for our office in Miri, Sarawak and purchase of laptops and signboard. The increase in plant and equipment was partially offset by the decrease in ROU assets for our manufacturing and operational facilities.

Current assets

Our current assets decreased by RM42.37 million or 30.00% to RM98.86 million in FPE 2024 (FYE 2023: RM141.24 million). This was mainly due to the lower trade receivables by RM32.53 million arising from lower billings for the O&G specialty chemicals at the end of FPE 2024 as well as lower inventories by RM9.26 million including finished goods and goods-in-transit.

12. FINANCIAL INFORMATION (CONT'D)**Non-current liabilities**

Our non-current liabilities increased by RM4.58 million or 79.32% to RM10.36 million in FPE 2024 (FYE 2023: RM5.78 million), mainly due to the higher long-term borrowings by RM5.07 million including term loan used for the purchase of equipment for our manufacturing operations (such as reactors, blend tanks, thermal oil heater, condenser, cooling water system, scrubber, lobe pump and auto filling machine) as well as lab equipment (such as bubble test system, rotating cylinder electrode system, autoclave, viscometer and spectrophotometer) and hire purchase for the purchase of motor vehicles and plant and machinery including IBC tank weighing system, and conveyer and drumming system.

Current liabilities

Our current liabilities decreased by RM49.77 million or 57.83% to RM36.29 million in FPE 2024 (FYE 2023: RM86.06 million). This was mainly due to lower trade payables by RM30.31 million which was mainly due to lower purchases. The decrease was also partly attributed to the lower other payables and accruals by RM8.64 million which was mainly due to lower accruals of bonus payments, sales commissions and statutory contribution in FPE 2024 as well as lower dividend payable.

12.2 CAPITALISATION AND INDEBTEDNESS

The following table sets out our capitalisation and indebtedness as at 31 January 2025, and after adjusting for the Public Issue and the utilisation of proceeds as set out in Section 4.6 of this Prospectus. The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 January 2025 and is provided for illustration purposes only.

	Unaudited as at 31 January 2025 RM'000	After the Public Issue and utilisation of proceeds RM'000
Indebtedness		
Current		
<u>Secured and guaranteed</u>		
Term loans	1,002	1,002
Hire purchase payables	490	490
Short-term borrowings	9,670	9,670
<u>Unsecured and unguaranteed</u>		
Hire purchase payables	205	205
Lease liabilities	1,502	1,502
	12,869	12,869
Non-current		
<u>Secured and guaranteed</u>		
Term loans	7,215	7,215
Hire purchase payables	1,574	1,574

12. FINANCIAL INFORMATION (CONT'D)

	Unaudited as at 31 January 2025 RM'000	After the Public Issue and utilisation of proceeds RM'000
<u>Unsecured and unguaranteed</u>		
Hire purchase payables	714	714
Lease liabilities	522	522
	10,025	10,025
Total indebtedness	22,894	22,894
Total shareholders' equity/capitalisation	18,590	88,811
Total capitalisation and indebtedness	41,484	111,705
Gearing ratio (times) ⁽¹⁾	1.23	0.26

Note:

- (1) Computed based on total indebtedness divided by total shareholders' equity/capitalisation.

12.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our Group's financial conditions and results of operations for the Financial Periods Under Review should be read in conjunction with the combined financial statements of our Group and the accompanying notes as set out in the Accountants' Report which are included in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business or industry which we are involved in. For further details on the accounting policies of our Group, please see Note 4 of the Accountants' Report as set out in Section 13 of this Prospectus.

12.3.1 Overview of our operations

We are principally a manufacturer of O&G specialty chemicals focusing on drilling fluid chemicals, and production and refinery chemicals for the O&G industry. Revenue generated from the manufacturing segment is recognised at a point in time when the control of the goods is transferred to the customer.

In addition, we are also involved in the trading of O&G specialty and industrial chemicals, and provision of technical related support services. Revenue from the trading segment is recognised at a point in time when the control of the goods is transferred to the customer or in accordance with the international commercial terms agreed by the customer. Revenue from the provision of technical related support services is recognised when the services are rendered.

Please refer to Section 7 of this Prospectus for further details on our business overview.

12. FINANCIAL INFORMATION (CONT'D)

We principally operate in Malaysia where we supply O&G specialty chemicals to our customers in Malaysia as well as in foreign regions including Asia Pacific, Middle East and other regions. Sales to our customers in Malaysia are denominated in RM while products exported to foreign regions are denominated in USD. Meanwhile, our purchases of input materials are mainly transacted in RM, USD and EUR. The foreign currency exchange rates used in our Group's combined financial statements for conversion of values denominated in USD and EUR to RM are summarised in the following table:

	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
Average exchange rate relative to USD1.00 ⁽¹⁾	4.1380	4.4045	4.5643	4.5284	4.6033
Change in the value of RM relative to USD compared to the previous FYE/FPE*	-	6.44%	3.63%	-	1.65%
Closing foreign exchange rates relative to USD1.00 ⁽²⁾	4.1650	4.3900	4.5900	4.6920	4.1220
Change in the value of RM relative to USD compared to the previous FYE/FPE*	-	5.40%	4.56%	-	(12.15%)
Average exchange rate relative to EUR1.00 ⁽¹⁾	-	-	4.9092	4.8632	4.9975
Change in the value of RM relative to EUR compared to the previous FYE/FPE*	-	-	-	-	2.76%
Closing foreign exchange rates relative to EUR1.00 ⁽²⁾	-	-	5.0768	4.9775	4.6183
Change in the value of RM relative to EUR compared to the previous FYE/FPE*	-	-	-	-	(7.22%)

Notes:

* A positive change in value indicates that the value of the RM depreciated relative to the USD/EUR.

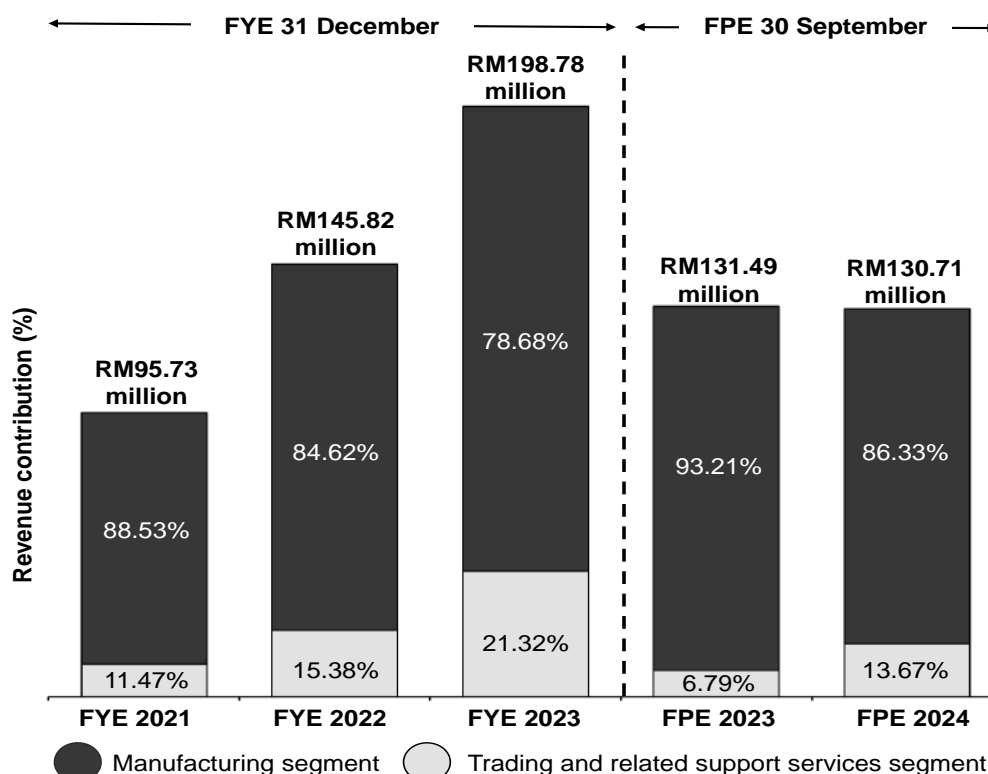
(1) Average exchange rate used for combined statements of profit or loss and other comprehensive income.

(2) Closing exchange rate used for combined statements of financial position and cash flow.

Please refer to Note 37 of the Accountants' Report set out in Section 13 of this Prospectus for further details on the exchange rates used.

Between FYE 2021 and FYE 2023, our revenue increased at a CAGR of 44.10%, from RM95.73 million in FYE 2021 to RM198.78 million in FYE 2023. In FPE 2024, our revenue was RM130.71 million.

12. FINANCIAL INFORMATION (CONT'D)



Revenue	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2023 RM'000	FPE 2024 RM'000
Manufacturing segment	84,742	123,384	156,397	122,558	112,842
- Drilling fluid chemicals	69,072	105,926	144,767	116,405	104,357
- Production and refinery chemicals	13,363	16,996	10,322	4,848	8,485
- Others	2,307	462	1,308	1,305	-
Trading and related support services segment	10,983	22,433	42,386	8,928	17,864
- Supply of O&G specialty and industrial chemicals	9,851	9,129	33,082	2,328	12,249
- Provision of technical related support services	1,132	13,304	9,304	6,600	5,615
Total	95,725	145,817	198,783	131,486	130,706

Between FYE 2021 and FYE 2023, revenue from our manufacturing segment increased at a CAGR of 35.85% from RM84.74 million in FYE 2021 to RM156.40 million in FYE 2023. In FYE 2023, revenue from our manufacturing segment accounted for 78.68% of our Group's total revenue. In FPE 2024, our revenue from manufacturing segment was RM112.84 million.

Between FYE 2021 and FYE 2023, revenue from our trading and related support services segment increased at a CAGR of 96.45% from RM10.98 million in FYE 2021 to RM42.39 million in FYE 2023. In FYE 2023, revenue from our trading and related support services segment accounted for 21.32% of our Group's total revenue. In FPE 2024, our revenue from trading and related support services segment was RM17.86 million.

Please refer to Section 12.3.2(i) of this Prospectus for further details on the year-on-year analysis of our revenue by business activities and products.

12. FINANCIAL INFORMATION (CONT'D)

For the Financial Periods Under Review, our revenue was mainly derived from export sales to foreign countries in Asia Pacific, Middle East and other regions, which accounted for 68.75%, 67.20%, 69.26% and 78.45% of our Group's total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. Export sales were transacted in USD and translated and reported in RM.

Our domestic sales accounted for 31.25%, 32.80%, 30.74% and 21.55% of our Group's total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively, which were transacted and reported in RM. Please refer to Section 12.3.2(iii) for further details on our revenue by geographical markets.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.2 Revenue

(i) Revenue segmentation by business activities and products

Our revenue segmentation by business activities and products for the Financial Periods Under Review are set out below:

Business activities	<----FYE 2021---->		<----FYE 2022---->		<----FYE 2023---->		<----FPE 2023---->		<----FPE 2024---->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment	84,742	88.53	123,384	84.62	156,397	78.68	122,558	93.21	112,842	86.33
• <i>Drilling fluid chemicals</i>	69,072	72.16	105,926	72.64	144,767	72.83	116,405	88.53	104,357	79.84
• <i>Production and refinery chemicals</i>	13,363	13.96	16,996	11.66	10,322	5.19	4,848	3.69	8,485	6.49
• <i>Others⁽¹⁾</i>	2,307	2.41	462	0.32	1,308	0.66	1,305	0.99	-	-
Trading and related support services segment	10,983	11.47	22,433	15.38	42,386	21.32	8,928	6.79	17,864	13.67
Supply of O&G specialty and industrial chemicals	9,851	10.29	9,129	6.26	33,082	16.64	2,328	1.77	12,249	9.37
• <i>Catalyst</i>	-	-	-	-	29,206	14.69	-	-	8,371	6.40
• <i>Sulfiding agent</i>	-	-	5,683	3.90	2,716	1.37	1,056	0.80	2,871	2.20
• <i>Fuel additives</i>	6,238	6.52	2,522	1.73	568	0.28	568	0.43	-	-
• <i>Others⁽²⁾</i>	3,613	3.77	924	0.63	592	0.30	704	0.54	1,007	0.77
Provision of technical related support services⁽³⁾	1,132	1.18	13,304	9.12	9,304	4.68	6,600	5.02	5,615	4.30
Total revenue	95,725	100.00	145,817	100.00	198,783	100.00	131,486	100.00	130,706	100.00

Notes:

- (1) Include calcium nitrate brine and synthetic foam concentrate.
- (2) Include other industrial chemicals, comprising among others, dyes, hydrogen peroxide, calcium nitrate, 1-octanol, proxitane 5:20, sodium bromide liquid, foam concentrate, liquefied petroleum gas additive, polymer break and drilling fluid additive, and other chemicals.
- (3) Include technical support, rental of facilities and equipment as well as other related support services such as mobilisation, demobilisation and delivery services. In FPE 2024, it also includes tolling services.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Sales volume of O&G specialty chemicals manufactured**

Our sales volume of O&G specialty chemicals manufactured and trading of O&G specialty and industrial chemicals for the Financial Periods Under Review are set out below:

Sales volume	FYE 2021 Tonnes	FYE 2022 Tonnes	FYE 2023 Tonnes	FPE 2023 Tonnes	FPE 2024 Tonnes
Manufacturing segment	10,338	8,503	11,184	9,049	7,423
• <i>Drilling fluid chemicals</i>	7,371	7,450	9,654	7,675	6,959
• <i>Production and refinery chemicals</i>	698	676	357	221	464
• <i>Others⁽¹⁾</i>	2,269	377	1,173	1,153	-
Supply of O&G specialty and industrial chemicals	1,391	759	387	97	304
• <i>Catalyst</i>	-	-	225	-	109
• <i>Sulfiding agent</i>	-	313	129	58	158
• <i>Fuel additives</i>	439	166	17	18	-
• <i>Others⁽²⁾</i>	952	280	16	21	37

Notes:

- (1) Include calcium nitrate brine and synthetic foam concentrate.
- (2) Include other industrial chemicals, comprising among others, dyes, hydrogen peroxide, calcium nitrate, 1-octanol, proxitane 5:20, sodium bromide liquid, foam concentrate, liquefied petroleum gas additive, polymer break and drilling fluid additive, and other chemicals.

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12. FINANCIAL INFORMATION (CONT'D)

(iii) Revenue segmentation by geographical markets

Our revenue segmentation by geographical markets for the Financial Periods Under Review are set out below:

Revenue ⁽¹⁾	<-----FYE 2021----->		<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2023----->		<-----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Asia Pacific	70,237	73.37	94,125	64.55	128,689	64.74	67,634	51.44	98,062	75.02
• <i>Malaysia</i>	29,915	31.25	47,830	32.80	61,098	30.74	18,907	14.38	28,173	21.55
• <i>Thailand</i>	14,061	14.68	16,793	11.52	35,146	17.68	26,182	19.91	37,890	28.99
• <i>Indonesia</i>	15,025	15.70	15,024	10.30	21,023	10.58	16,292	12.39	20,629	15.78
• <i>Others</i> ⁽²⁾	11,236	11.74	14,478	9.93	11,422	5.74	6,253	4.76	11,370	8.70
Middle East	24,821	25.93	48,516	33.27	65,870	33.14	60,752	46.20	19,433	14.87
• <i>Saudi Arabia</i>	3,559	3.72	28,759	19.72	38,886	19.56	36,754	27.95	9,296	7.11
• <i>Oman</i>	13,663	14.27	13,755	9.43	19,417	9.77	16,800	12.78	7,866	6.02
• <i>Others</i> ⁽³⁾	7,599	7.94	6,002	4.12	7,567	3.81	7,198	5.47	2,271	1.74
Other regions	667	0.70	3,176	2.18	4,224	2.12	3,100	2.36	13,211	10.11
• <i>USA</i>	-	-	-	-	1,329	0.67	181	0.14	12,747	9.75
• <i>Others</i> ⁽⁴⁾	667	0.70	3,176	2.18	2,895	1.45	2,919	2.22	464	0.36
Total revenue	95,725	100.00	145,817	100.00	198,783	100.00	131,486	100.00	130,706	100.00

Notes:

- (1) Based on the final destination of our products and may not represent the location of the end consumer.
- (2) Other countries in the Asia Pacific region include Australia, New Zealand, China, India, Brunei, Turkey, Pakistan, Papua New Guinea, Bangladesh, Singapore, Vietnam, Turkmenistan and Japan.
- (3) Other countries in the Middle East region include Kuwait, UAE, Qatar and Bahrain.
- (4) Comprising countries in the African region (includes Algeria, Egypt and Nigeria), European region (includes Russia, Ukraine and Netherland) and American region (includes Argentina).

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

Our total revenue increased by RM50.09 million or 52.33% to RM145.82 million in FYE 2022 (FYE 2021: RM95.73 million) and this was mainly contributed by the increase in revenue from our manufacturing segment. The growth was also partly attributed to the appreciation of the USD relative to the RM arising from our export sales that were transacted in USD. This appreciation of the USD relative to the RM was reflected in the increase of 6.44% in the average exchange of RM to the USD of RM4.4045 in FYE 2022 compared to RM4.1380 in FYE 2021.

(i) Manufacturing segment

Revenue from manufacturing segment increased by RM38.64 million or 45.60% to RM123.38 million in FYE 2022 (FYE 2021: RM84.74 million), mainly attributed to the following:

- an increase in the revenue from the sales of drilling fluid chemicals by RM36.85 million or 53.36% to RM105.93 million in FYE 2022 (FYE 2021: RM69.07 million), which was mainly contributed by the higher revenue from sales of emulsifier range of products which increased by RM30.27 million or 46.61% in FYE 2022. This was mainly attributed to the increase in our average selling price of emulsifier range of products by 53.27% in FYE 2022 due to the rising cost of imported materials. Meanwhile, the sales volume of emulsifier range of products decreased by 303 tonnes or 4.34% to 6,671 tonnes in FYE 2022 (FYE 2021: 6,974 tonnes) and this was mainly attributed to lower orders from Customer A in FYE 2022.

The increase in revenue of drilling fluid chemicals was also partly attributed to the higher sales of other selected drilling fluid chemicals comprising wetting agent, rheology modifiers, fluid loss additives and spotting fluids range of products, which collectively increased by 178.67% or RM6.69 million to RM10.44 million in FYE 2022 (FYE 2021: RM3.75 million). This was mainly attributed to the higher demand as reflected in the higher sales volume of these selected drilling fluid chemicals which collectively increased by 111.98% to 761 tonnes in FYE 2022 (FYE 2021: 359 tonnes) coupled with an increase in our average selling price in FYE 2022.

In addition, the revenue growth of our drilling fluid chemicals was partly attributed to the appreciation of USD against RM in FYE 2022 mainly arising from export sales which were transacted in USD.

- an increase in revenue from the sales of production and refinery chemicals by RM3.63 million or 27.19% to RM17.00 million in FYE 2022 (FYE 2021: RM13.36 million), mainly attributed to the higher demand for our scavenger range of products. The revenue of scavengers increased by RM3.60 million or 46.23% to RM11.38 million in FYE 2022 (FYE 2021: RM7.78 million). The sales volume of scavenger range of products increased by 143 tonnes or 62.45% to 372 tonnes in FYE 2022 (FYE 2021: 229 tonnes). However, this was partially offset by the lower average selling price in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**(ii) Trading and related support services segment**

Revenue from trading and related support services segment increased by RM11.45 million or 104.25% to RM22.43 million in FYE 2022 (FYE 2021: RM10.98 million).

Supply of specialty and industrial chemicals

Revenue from supply of specialty and industrial chemicals decreased by RM0.72 million or 7.33% to RM9.13 million in FYE 2022 (FYE 2021: RM9.85 million). This was mainly attributed to lower orders of fuel additive range of products as reflected in the decrease in the sales of fuel additive range of products by RM3.72 million or 59.57% to RM2.52 million in FYE 2022 (FYE 2021: RM6.24 million).

The decrease was partially moderated by the commencement of sales of sulfiding agent which amounted to RM5.68 million in FYE 2022 to Petronas group.

Provision of technical related support services

Revenue from technical related support services increased by RM12.17 million or 1,075.27% to RM13.30 million in FYE 2022 (FYE 2021: RM1.13 million) and this was contributed by the following:

- an increase in the revenue from technical support services by RM6.27 million or 1,451.62% to RM6.70 million in FYE 2022 (FYE 2021: RM0.43 million); and
- an increase in the revenue from rental of equipment by RM5.88 million or 919.22% to RM6.52 million in FYE 2022 (FYE 2021: RM0.64 million).

The increase in revenue from related support services was mainly contributed by the commencement of technical support services mainly sulfiding services at the customer's site and rental of specialised equipment such as low pressure injection pump to Petronas group in FYE 2022.

On a geographical basis, revenue from the Middle East region increased by RM23.70 million or 95.46% to RM48.52 million in FYE 2022 (FYE 2021: RM24.82 million) and this was mainly contributed by export shipments to Saudi Arabia for O&G specialty chemicals comprising mainly emulsifier and wetting agent range of products. This is reflected in the increase in sales volume of emulsifier and wetting agent range of products to Saudi Arabia resulting from higher demand which collectively increased by 498 tonnes or 128.72% to 884 tonnes in FYE 2022 (FYE 2021: 387 tonnes). The increase in revenue was also attributed to the increase in the average selling price of our products and appreciation of USD against RM for export sales in FYE 2022.

Revenue from Asia Pacific region increased by RM23.89 million or 34.01% to RM94.13 million in FYE 2022 (FYE 2021: RM70.24 million), mainly contributed by Malaysia, which increased by RM17.92 million or 59.89% to RM47.83 million in FYE 2022 (FYE 2021: RM29.92 million). This was arising from the commencement of supply of products and services in relation to the supply of sulfiding agents to Petronas group in FYE 2022. Furthermore, the revenue growth from the Asia Pacific region was also partly contributed by higher revenue from other countries within the region including Thailand, Australia, New Zealand and India driven by shipments of our O&G specialty chemicals mainly drilling fluid chemicals resulting from higher demand, increase in the average selling price of our products and the appreciation of USD against RM for export sales in FYE 2022.

Revenue from other regions increased by RM2.51 million or 376.16% to RM3.18 million in FYE 2022 (FYE 2021: RM0.67 million), mainly contributed by export shipments of O&G specialty chemicals including emulsifiers to Algeria and Nigeria where our revenue collectively increased by RM1.67 million in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)**FYE 2023 compared to FYE 2022**

Our total revenue increased by RM52.97 million or 36.32% to RM198.78 million in FYE 2023 (FYE 2022: RM145.82 million) and this was mainly contributed by the increase in revenue from our manufacturing segment as well as trading and related support services segment. The growth was also partly attributed to the appreciation of the USD relative to the RM arising from our export sales that were transacted in USD. This appreciation of the USD relative to the RM was reflected in the increase of 3.63% in the average exchange of RM to the USD of RM4.5643 in FYE 2023 compared to RM4.4045 in FYE 2022.

(i) Manufacturing segment

Revenue from manufacturing segment increased by RM33.01 million or 26.76% to RM156.40 million in FYE 2023 (FYE 2022: RM123.38 million), mainly attributed to the following:

- an increase in the revenue from the sales of drilling fluid chemicals by RM38.84 million or 36.67% to RM144.77 million in FYE 2023 (FYE 2022: RM105.93 million), which was mainly contributed by the higher revenue from sales of emulsifier range of products which increased by RM38.80 million or 40.74% in FYE 2023. This was mainly driven by higher demand for emulsifier range of products as reflected in the sales volume which increased by 2,341 tonnes or 35.09% to 9,012 tonnes in FYE 2023 (FYE 2022: 6,671 tonnes). The sales of emulsifier range of products are mainly from 2 O&G product and service providers, namely Customer A and Baker Hughes group. The increase in revenue from the sales of emulsifier range of products was also partly attributed to the higher average selling price of emulsifiers by 4.18% in FYE 2023 due to the rising cost of imported materials.

The increase in revenue of drilling fluid chemicals was also partly attributed to the higher sales of lubricant range of products which increased by RM5.73 million which was mainly for O&G product and service providers, namely Baker Hughes group. In addition, the revenue growth was also attributed to the appreciation of USD against RM in FYE 2023 mainly arising from export sales which were transacted in USD. The increase was partly offset by the lower sales of other selected drilling fluid chemicals comprising wetting agent, rheology modifier, fluid loss additive and spotting fluid range of products which collectively decreased by RM5.91 million or 56.58% in FYE 2023 which was mainly due to lower demand for the said drilling fluid chemicals as reflected in the decrease in sales volume by 449 tonnes or 59.00% during FYE 2023.

- a decrease in the revenue from the sales of production and refinery chemicals by RM6.67 million or 39.27% to RM10.32 million in FYE 2023 (FYE 2022: RM17.00 million), mainly due to lower sales of scavenger and corrosion inhibitor range of products. The revenue from the sales of scavenger range of products decreased by RM4.50 million or 39.58% to RM6.87 million in FYE 2023 (FYE 2022: RM11.38 million), mainly due to lower demand from Petronas group in FYE 2023. This was reflected in the decrease in the sales volume of scavenger range of products by 192 tonnes or 51.61% to 180 tonnes in FYE 2023 (FYE 2022: 372 tonnes). However, this was partially offset by the higher average selling prices of our products in FYE 2023.

The revenue from corrosion inhibitor range of products decreased by RM2.61 million or 46.63% to RM2.98 million in FYE 2023 (FYE 2022: RM5.59 million), mainly due to lower demand from several customers in FYE 2023. This was reflected in the decrease in the sales volume of corrosion inhibitor range of products by 135 tonnes or 44.55% to 168 tonnes in FYE 2023 (FYE 2022: 303 tonnes).

12. FINANCIAL INFORMATION (CONT'D)

- an increase in revenue from the sales of other chemicals which increased by RM0.85 million or 183.12% to RM1.31 million in FYE 2023 (FYE 2022: RM0.46 million). This was attributed to the higher sales of calcium nitrate brine which increased by RM0.85 million or 183.12% to RM1.31 million in FYE 2023 (FYE 2022: RM0.46 million) as there were higher orders from a manufacturer of chemicals used in the production of rubber and gloves. This was mainly attributed to the higher demand as reflected in the increase in sales volume of calcium nitrate brine by 796 tonnes or 211.14% to 1,173 tonnes in FYE 2023 (FYE 2022: 377 tonnes).

(ii) Trading and related support services segment

Revenue from trading and related support services segment increased by RM19.95 million or 88.94% to RM42.39 million in FYE 2023 (FYE 2022: RM22.43 million).

Supply of specialty and industrial chemicals

Revenue from supply of specialty and industrial chemicals increased by RM23.95 million or 262.38% to RM33.08 million in FYE 2023 (FYE 2022: RM9.13 million) and this was mainly attributed the supply of catalyst to Petronas group. The sales of catalyst contributed RM29.21 million to our revenue for the trading segment in FYE 2023.

The increase was partially offset by the decrease in trading sales of sulfiding agent and fuel additives which collectively declined by RM4.92 million or 59.98% in FYE 2023 due to the lower demand which as reflected in the decline in sales volume by 333 tonnes or 69.52%.

Provision of technical related support services

Revenue from related support services decreased by RM4.00 million or 30.07% to RM9.30 million in FYE 2023 (FYE 2022: RM13.30 million), mainly due to lower technical support services rendered as well as lower revenue from the rental of equipment due to the decline in the service requests during FYE 2023 as the technical related support services are based on ad hoc basis.

On a geographical basis, revenue from Asia Pacific region increased by RM34.56 million or 36.72% to RM128.69 million in FYE 2023 (FYE 2022: RM94.13 million), mainly contributed by Thailand for O&G specialty chemicals comprising emulsifier, fluid loss additives, lubricants, rheology modifier and wetting agent range of products. This increase in demand is reflected in the sales volume of these products which collectively increased by 1,070 tonnes or 104.80% to 2,091 tonnes in FYE 2023 (FYE 2022: 1,021 tonnes). The increase in revenue was also attributed to the increase in the average selling price of our products and appreciation of USD against RM for export sales in FYE 2023. In addition, the revenue from Malaysia increased by RM13.27 million or 27.74% to RM61.10 million in FYE 2023 (FYE 2022: RM47.83 million) which was mainly contributed by trading sales of catalyst to Petronas group in Malaysia. Furthermore, the revenue growth from the Asia Pacific region was also partly contributed by higher revenue from other countries within the region including Indonesia, Brunei, Australia, Papua New Guinea, Singapore and Turkmenistan driven by shipments of our O&G specialty chemicals mainly drilling fluid chemicals, increase in average selling price of our products and the appreciation of USD against RM for export sales in FYE 2023.

12. FINANCIAL INFORMATION (CONT'D)

Revenue from Middle East region increased by RM17.35 million or 35.77% to RM65.87 million in FYE 2023 (FYE 2022: RM48.52 million) and this was mainly contributed by export shipments to Saudi Arabia for O&G specialty chemicals namely, emulsifier range of products. Furthermore, the revenue growth from the Middle East region was also partly contributed by higher revenue from other countries within the region namely Oman and UAE driven by shipments of our O&G specialty chemicals mainly drilling fluid chemicals, increase in average selling price of our products and the appreciation of USD against RM for export sales in FYE 2023.

Revenue from other regions increased by RM1.05 million or 33.00% to RM4.22 million in FYE 2023 (FYE 2022: RM3.18 million), mainly contributed by export shipments of O&G specialty chemicals namely, emulsifiers range of products to USA and Argentina.

FPE 2024 compared to FPE 2023

Our total revenue decreased by RM0.78 million or 0.59% to RM130.71 million in FPE 2024 (FPE 2023: RM131.49 million), which was mainly contributed by the decrease in revenue from our manufacturing segment.

(i) Manufacturing segment

Revenue from the manufacturing segment decreased by RM9.72 million or 7.93% to RM112.84 million in FPE 2024 (FPE 2023: RM122.56 million), mainly attributed to the following:

Drilling fluid chemicals

Revenue from the sales of drilling fluid chemicals decreased by RM12.05 million or 10.35% to RM104.36 million in FPE 2024 (FPE 2023: RM116.41 million), which was mainly due to decrease in sales of emulsifier product range which decreased by RM23.62 million or 21.64% to RM85.56 million in FPE 2024 (FPE 2023: RM109.18 million). This was mainly due to lower orders from customers for the delivery to the Middle East region in FPE 2024 on the back of the extension of the voluntary production cuts from the Organisation of Petroleum Exporting Countries (OPEC) and non-OPEC countries, collectively known as OPEC+ that had an impact on O&G activities in the Middle East region. This was reflected in the decrease in the sales volume of the emulsifier range of products by 19.57% to 5,814 tonnes in FPE 2024 (FPE 2023: 7,229 tonnes).

The decrease was partially moderated by the increase in revenue from the other product range under the drilling fluid chemicals as set out below:

- increase in revenue from the sales of a lubricant range of products which increased by RM9.84 million or 294.82% in FPE 2024. This was mainly driven by higher demand for the lubricant as reflected in the sales volume which increased by 612 tonnes or 307.54% to 811 tonnes in FPE 2024 (FPE 2023: 199 tonnes). The sales of lubricants are mainly to an O&G product and service provider.
- increase in revenue from other selected drilling fluid chemicals comprising thinning agents, fluid loss additives and wellbore cleaning chemicals range of products, which collectively increased by RM2.08 million or 177.35% in FPE 2024. This was mainly attributed to the higher sales volume of these selected drilling fluids chemicals which collectively increased by 304.08% to 198 tonnes in FPE 2024 (FPE 2023: 49 tonnes).

12. FINANCIAL INFORMATION (CONT'D)**Production and refinery chemicals**

Revenue from the sales of production and refinery chemicals increased by RM3.64 million or 75.02% to RM8.49 million in FPE 2024 (FPE 2023: RM4.85 million). This was mainly contributed by the increase in revenue from corrosion inhibitor range of products by RM5.53 million or 302.96% in FPE 2024. This was mainly driven by higher demand of this corrosion inhibitor range as reflected in the sales volume which increased by 290 tonnes or 256.64% to 403 tonnes in FPE 2024 (FPE 2023: 113 tonnes). The sales of the corrosion inhibitor range of products are mainly from Petronas group and a customer from Saudi Arabia.

Other chemicals

Revenue from the sales of other chemicals declined by RM1.31 million as the management ceased the production of calcium nitrate brine since June 2023 after considering the decline in margin from this product.

(ii) Trading and related support services segment

Revenue from the trading and related support services segment increased by RM8.94 million or 100.09% to RM17.86 million in FPE 2024 (FPE 2023: RM8.93 million).

Supply of specialty and industrial chemicals

Revenue from the supply of specialty and industrial chemicals increased by RM9.92 million or 426.16% to RM12.25 million in FPE 2024 (FPE 2023: RM2.33 million) and this was mainly attributed to sales of catalyst activator of RM8.37 million to a new customer, an O&G production company in Malaysia as well as the increase in sales of sulfiding agent by RM1.82 million to Petronas group. The increase was partially offset by the decrease in sales of fuel additives by RM0.57 million as there were no sales of this product in FPE 2024.

Provision of technical related support services

Revenue from technical related support services decreased by RM0.99 million or 14.92% to RM5.62 million in FPE 2024 (FPE 2023: RM6.60 million) and this was mainly due to the lower revenue from the rental of facility and equipment to Petronas group by RM3.09 million or 52.15% to RM2.83 million in FPE 2024 (FPE 2023: RM5.92 million) due to the decline in the service request during FPE 2024 as the technical related support services are based on ad hoc basis. The decrease was partially moderated by the increase in revenue from the technical support services by RM2.11 million or 325.66% to RM2.75 million in FPE 2024 (FPE 2023: RM0.65 million) where we provide technical support services at the customers' site.

12. FINANCIAL INFORMATION (CONT'D)

On a geographical basis, revenue from Asia Pacific region increased by RM30.43 million or 44.99% to RM98.06 million in FPE 2024 (FPE 2023: RM67.63 million), mainly contributed by Thailand, Malaysia and Indonesia. The revenue from Thailand increased by RM11.71 million or 44.72% to RM37.89 million in FPE 2024 (FPE 2023: RM26.18 million), mainly contributed by the sales of emulsifiers and lubricant range of products to an O&G products and service provider in Thailand. The revenue from Malaysia increased by RM9.27 million or 49.01% to RM28.17 million in FPE 2024 (FPE 2023: RM18.91 million) which was mainly contributed by the trading sales of catalyst activator and our corrosion inhibitor range of products to an O&G production company and Petronas group in Malaysia respectively. The revenue from Indonesia increased by RM4.34 million or 26.62% to RM20.63 million in FPE 2024 (FPE 2023: RM16.29 million) which was mainly contributed by the supply of emulsifiers to several O&G service companies in Indonesia. Furthermore, the revenue growth from the Asia Pacific region was also partly contributed by the higher revenue from other countries within the region which mainly include Australia, New Zealand and Brunei driven by the shipment of O&G specialty chemicals and the appreciation of USD against RM for export sales in FPE 2024. This appreciation of the USD relative to the RM was reflected in the increase of 1.65% in the average exchange rate of RM to the USD of RM4.6033 in FPE 2024 compared to RM4.5284 in FPE 2023.

Revenue from Middle East region decreased by RM41.32 million or 68.01% to RM19.43 million in FPE 2024 (FPE 2023: RM60.75 million) and this was mainly due to the lower export shipment to Saudi Arabia, Oman and UAE as there were lower orders from customers for the delivery to Middle East market in FPE 2024 on the back of the extension of the voluntary OPEC+ production cuts.

Revenue from other regions increased by RM10.11 million or 326.16% to RM13.21 million in FPE 2024 (FPE 2023: RM3.10 million) which was mainly contributed by export shipments of O&G specialty chemicals namely, emulsifier range of products to USA.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.3 Cost of sales

(i) Cost of sales by components

Our cost of sales by components for the Financial Periods Under Review are set out below:

Cost of sales	<----FYE 2021---->		<----FYE 2022---->		<----FYE 2023---->		<----FPE 2023---->		<----FPE 2024---->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
• Input materials	51,564	77.07	68,879	73.47	100,080	76.43	62,091	77.09	64,470	75.60
- <i>Manufacturing materials⁽¹⁾</i>	42,794	63.97	58,710	62.62	70,343	53.72	57,927	71.92	51,035	59.85
- <i>Trading materials⁽²⁾</i>	4,118	6.15	6,233	6.65	24,139	18.44	1,557	1.93	10,652	12.49
- <i>Packaging materials⁽³⁾</i>	4,652	6.95	3,936	4.20	5,598	4.28	2,607	3.24	2,783	3.26
• Factory overhead	7,495	11.20	10,128	10.80	11,428	8.73	8,554	10.62	9,343	10.96
- <i>Depreciation⁽⁴⁾</i>	3,145	4.69	3,118	3.32	3,779	2.89	2,785	3.46	3,001	3.52
- <i>Factory consumables⁽⁵⁾</i>	1,616	2.42	2,465	2.63	2,038	1.56	1,508	1.87	1,407	1.65
- <i>Laboratory expenditures⁽⁶⁾</i>	581	0.87	1,245	1.33	449	0.34	316	0.39	402	0.47
- <i>Utilities⁽⁷⁾</i>	619	0.93	965	1.03	1,198	0.91	887	1.10	980	1.15
- <i>Other overheads⁽⁸⁾</i>	1,534	2.29	2,335	2.49	3,964	3.03	3,058	3.80	3,553	4.17
• Labour costs⁽⁹⁾	6,693	10.00	10,324	11.01	11,641	8.89	8,245	10.24	9,923	11.64
• Others⁽¹⁰⁾	1,154	1.73	4,426	4.72	7,787	5.95	1,655	2.05	1,540	1.80
Total cost of sales	66,906	100.00	93,757	100.00	130,936	100.00	80,545	100.00	85,276	100.00

12. FINANCIAL INFORMATION (CONT'D)

Notes:

- (1) Manufacturing input materials include fatty acid, alkaline compound, base oil, organic acids, solvent, cold flow improver and others.
- (2) Trading input materials include catalyst, sulfiding agent, brine and others for the trading segment.
- (3) Packaging materials include packaging materials such as drums, pallets and intermediate bulk container.
- (4) Depreciation of plant and machinery, laboratory equipment, ROU assets, renovations and others.
- (5) Factory consumables include consumables for our plant, staff safety, tools and hardware.
- (6) Laboratory expenditures include laboratory consumables and courier expenses for sending samples to customers.
- (7) Utilities for our operational facilities.
- (8) Other overheads include rental, transportation charges, allowance for slow-moving stock, upkeep of factory, insurance, security charges, duty and tax expenses and weighing expenses. Slow-moving stock mainly refers to inventory that has not been used for more than 2 years.
- (9) Labour cost for the manufacturing and trading operations.
- (10) Others mainly include third-party engineering service charges, and the rental of third-party equipment and facility.

12. FINANCIAL INFORMATION (CONT'D)

(ii) Cost of sales by business activities

Our cost of sales by business activities for the Financial Periods Under Review are set out below:

Cost of sales	<---FYE 2021--->		<---FYE 2022--->		<---FYE 2023--->		<---FPE 2023--->		<---FPE 2024--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Manufacturing segment	58,942	88.10	83,411	88.97	100,027	76.39	77,670	96.43	74,343	87.18
• <i>Drilling fluid chemicals</i>	49,913	74.60	74,918	79.91	94,345	72.05	74,001	91.88	68,714	80.58
• <i>Production and refinery chemicals</i>	6,736	10.07	8,056	8.59	4,296	3.28	2,323	2.88	5,629	6.60
• <i>Others⁽¹⁾</i>	2,293	3.43	437	0.47	1,386	1.06	1,346	1.67	-	-
Trading and related support services segment	7,964	11.90	10,346	11.03	30,909	23.61	2,875	3.57	10,933	12.82
Supply of O&G specialty and industrial chemicals	7,583	11.33	6,965	7.43	29,654	22.65	1,581	1.96	10,638	12.47
• <i>Catalyst</i>	-	-	-	-	26,631	20.34	-	-	7,721	9.05
• <i>Sulfiding agent</i>	-	-	4,384	4.68	2,248	1.72	872	1.08	2,403	2.82
• <i>Fuel additives</i>	4,471	6.68	1,907	2.03	352	0.27	352	0.44	-	-
• <i>Others⁽²⁾</i>	3,112	4.65	674	0.72	423	0.32	357	0.44	514	0.60
Provision of technical related support services⁽³⁾	381	0.57	3,381	3.60	1,255	0.96	1,294	1.61	295	0.35
Total cost of sales	66,906	100.00	93,757	100.00	130,936	100.00	80,545	100.00	85,276	100.00

Notes:

- (1) Include calcium nitrate brine and synthetic foam concentrate.
- (2) Include other industrial chemicals, comprising among others, dyes, hydrogen peroxide, calcium nitrate, 1-octanol, proxitane 5:20, sodium bromide liquid, foam concentrate, liquefied petroleum gas additive, polymer break and drilling fluid additive, and other chemicals.
- (3) Include technical support, rental of facilities and equipment as well as other related support services such as mobilisation, demobilisation and delivery services. In FPE 2024, it also includes tolling services.

12. FINANCIAL INFORMATION (CONT'D)

(iii) Cost of sales by geographical markets

Our cost of sales by geographical markets for the Financial Periods Under Review are set out below:

Cost of sales ⁽¹⁾	<-----FYE 2021----->		<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2023----->		<-----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Asia Pacific	49,118	73.41	59,039	62.97	85,968	65.66	40,288	50.02	63,030	73.91
• <i>Malaysia</i>	20,840	31.15	28,555	30.46	44,102	33.68	10,545	13.09	18,548	21.75
• <i>Thailand</i>	9,751	14.57	10,901	11.62	20,764	15.86	15,579	19.34	23,282	27.30
• <i>Indonesia</i>	10,405	15.55	10,020	10.69	13,729	10.49	10,265	12.75	13,582	15.93
• <i>Others⁽²⁾</i>	8,122	12.14	9,563	10.20	7,373	5.63	3,899	4.84	7,618	8.93
Middle East	17,401	26.01	32,640	34.81	42,245	32.26	38,328	47.58	13,646	16.00
• <i>Saudi Arabia</i>	2,475	3.70	19,468	20.76	24,882	19.00	23,239	28.85	6,618	7.76
• <i>Oman</i>	9,828	14.69	9,319	9.94	12,758	9.74	10,724	13.31	5,621	6.59
• <i>Others⁽³⁾</i>	5,098	7.62	3,853	4.11	4,605	3.52	4,365	5.42	1,407	1.65
Other regions	387	0.58	2,078	2.22	2,723	2.08	1,929	2.40	8,600	10.09
• <i>USA</i>	-	-	-	-	906	0.69	118	0.15	8,288	9.72
• <i>Others⁽⁴⁾</i>	387	0.58	2,078	2.22	1,817	1.39	1,811	2.25	312	0.37
Total	66,906	100.00	93,757	100.00	130,936	100.00	80,545	100.00	85,276	100.00

Notes:

- (1) Based on the final destination of our products and may not represent the location of the end consumer.
- (2) Other countries in the Asia Pacific region include Australia, New Zealand, China, India, Brunei, Turkey, Pakistan, Papua New Guinea, Bangladesh, Singapore, Vietnam, Turkmenistan and Japan.
- (3) Other countries in the Middle East region include Kuwait, UAE, Qatar and Bahrain.
- (4) Comprising countries in the African region (includes Algeria, Egypt and Nigeria), European region (includes Russia, Ukraine and Netherland) and American region (includes Argentina).

12. FINANCIAL INFORMATION (CONT'D)**(a) Input materials cost**

Input material costs mainly consist of input materials used for the manufacturing of O&G specialty chemicals segment such as fatty acid, alkaline compound, base oil, sulfiding agent, organic acid, solvent, cold flow improver and flocculant. It also includes materials for our trading segment such as catalyst, sulfiding agent and brine, as well as packaging materials such as drums, pallets and intermediate bulk container.

Input material costs constituted the largest component of our cost of sales which accounted for 77.07% (RM51.56 million), 73.47% (RM68.88 million), 76.43% (RM100.08 million) and 75.60% (RM64.47 million) of our total cost of sales in FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

FYE 2022 compared to FYE 2021

Our input material costs increased by RM17.32 million or 33.58% to RM68.88 million (FYE 2021: RM51.56 million). This was mainly attributed to higher materials costs for our manufacturing and trading segments as reflected in the increase in average unit costs per tonne in FYE 2022 by 69.16% from RM4,396 per tonne in FYE 2021 to RM7,437 per tonne in FYE 2022, arising mainly from the rising cost of imported materials. The increase was partly offset by the lower input materials used arising from the decrease in sales volume of O&G specialty chemicals manufactured and trading of O&G specialty and industrial chemicals by 17.75% and 45.43% respectively in FYE 2022.

Furthermore, the increase was also partly attributed to a depreciation in the value of the RM against USD as 58.23% of the materials purchased in FYE 2022 was transacted in USD. In FYE 2022, the average exchange rate of RM relative to USD increased by 6.44%, from RM4.1380 in FYE 2021 to RM4.4045 in FYE 2022.

FYE 2023 compared to FYE 2022

Our input material costs increased by RM31.20 million or 45.30% to RM100.08 million in FYE 2023 (FYE 2022: RM68.88 million). This was mainly attributed to an increase in the materials costs for our trading segments by RM17.91 million or 287.28% to RM24.14 million in FYE 2023 (FYE 2022: RM6.23 million) arising from the trading sales of catalyst. The increase was also partly contributed by higher input materials used for our manufacturing segment arising from the increase in sales volume of O&G specialty chemicals by 31.53% in FYE 2023. The average unit costs per tonne for our manufacturing and trading segments increased by 16.30% from RM7,437 per tonne to RM8,649 per tonne in FYE 2023, arising mainly from the rising cost of imported materials.

Furthermore, the increase was also partly attributed to a depreciation in the value of the RM against USD as 30.95% of the materials purchased in FYE 2023 was transacted in USD. In FYE 2023, the average exchange rate of RM relative to USD increased by 3.63%, from RM4.4045 in FYE 2022 to RM4.5643 in FYE 2023.

FPE 2024 compared to FPE 2023

Our input material costs increased by RM2.38 million or 3.83% to RM64.47 million in FPE 2024 (FPE 2023: RM62.09 million). This was mainly attributed to an increase in the materials costs for our trading segments by RM9.10 million or 584.14% to RM10.65 million in FPE 2024 (FPE 2023: RM1.56 million) arising from the trading sales of catalyst and sulfiding agent. The increase was partially offset by the decrease in input materials used for our manufacturing segment by RM6.89 million or 11.90% to RM51.04 million in FPE 2024 (FPE 2023: RM57.93 million), mainly due to the decrease in sales volume of O&G specialty chemicals manufactured by 17.97% in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

Furthermore, the increase was also partly attributed to a depreciation in the value of the RM against USD and EUR as 45.57% of the materials purchased in FPE 2024 was transacted in USD and EUR collectively. In FPE 2024, the average exchange rate of RM relative to USD increased by 1.65%, from RM4.5284 in FPE 2023 to RM4.6033 in FPE 2024. In FPE 2024, the average exchange rate of RM relative to EUR increased by 2.76%, from RM4.8632 in FPE 2023 to RM4.9975 in FPE 2024.

(b) Factory overhead costs

Our factory overhead costs mainly comprise depreciation, factory consumables, laboratory expenditures, utilities and other overheads for our manufacturing segment. Our factory overhead costs accounted for 11.20% (RM7.50 million), 10.80% (RM10.13 million), 8.73% (RM11.43 million) and 10.96% (RM9.34 million) of our total cost of sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

FYE 2022 compared to FYE 2021

Our factory overhead costs increased by RM2.63 million or 35.13% to RM10.13 million in FYE 2022 (FYE 2021: RM7.50 million). This was mainly due to the following:

- increase in expenses for factory consumables such as diesel and base oil by RM0.85 million for our manufacturing segment;
- increase in laboratory expenditures by RM0.66 million mainly arising from higher activities at our laboratory including product enhancement and quality checks to support our manufacturing segment; and
- increase in other overheads by RM0.80 million mainly arising from allowance for slow-moving stocks as well as transportation charges. Slow-moving stock mainly refers to inventory that has not been used for more than 2 years.

FYE 2023 compared to FYE 2022

Our factory overhead costs increased by RM1.30 million or 12.84% to RM11.43 million in FYE 2023 (FYE 2022: RM10.13 million). This was mainly attributed to the following:

- increase in other overheads by RM1.63 million mainly for the upkeep of factory and maintenance of plant and equipment; and
- increase in depreciation by RM0.66 million mainly arising from the additional capital expenditure in ROU assets for our manufacturing and operational facilities as well as plant and machinery mainly waste water treatment system.

The increase in factory overhead costs in FYE 2023 was partially offset by the lower laboratory expenditure by RM0.80 million or 63.94% mainly due to less third-party tests conducted during FYE 2023.

FPE 2024 compared to FPE 2023

Our factory overhead costs increased by RM0.79 million or 9.22% to RM9.34 million in FPE 2024 (FPE 2023: RM8.55 million). This was mainly attributed to the following:

- increase in transportation charges including the sea freight and land transportation charges by RM0.25 million for the purchase of input materials for our manufacturing and trading operations;

12. FINANCIAL INFORMATION (CONT'D)

- increase in depreciation by RM0.22 million mainly arising from additional capital expenditure in laboratory equipment, ROU assets for our manufacturing and operational facilities as well as plant and machinery mainly waste water treatment system; and
- increase in utilities costs and laboratory expenses which collectively increased by RM0.18 million.

(c) Labour costs

Labour costs comprise salaries, bonuses, statutory contribution and other related costs which are directly involved for our manufacturing segment. Our labour costs accounted for 10.00% (RM6.69 million), 11.01% (RM10.32 million), 8.89% (RM11.64 million) and 11.64% (RM9.92 million) of our total cost of sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

FYE 2022 compared to FYE 2021

Our labour costs increased by RM3.63 million or 54.25% to RM10.32 million in FYE 2022 (FYE 2021: RM6.69 million). This was mainly attributed to salary increment and higher bonus payment in FYE 2022. In addition, our headcount increased from 85 in FYE 2021 to 106 in FYE 2022 which was mainly due to increased staffing from 18 to 28 on our production floor under the "operations" category as well as additional staffing from 17 to 22 in our warehouses under the "warehouse" category. The increase in labour costs was also partly attributed to the increase in minimum wage to RM1,500 per employee, which took effect on 1 May 2022.

FYE 2023 compared to FYE 2022

Our labour costs increased by RM1.32 million or 12.76% to RM11.64 million in FYE 2023 (FYE 2022: RM10.32 million). This was mainly attributed to salary increment and increase in headcount in FYE 2023, whereby our headcount increased from 106 in FYE 2022 to 140 in FYE 2023 which was mainly due to additional staffing from 28 to 41 in our production floor under the "operations" category as well as additional staffing from 22 to 26 in our warehouses under the "warehouse" category.

FPE 2024 compared to FPE 2023

Our labour costs increased by RM1.68 million or 20.35% to RM9.92 million in FPE 2024 (FPE 2023: RM8.25 million). This was mainly attributed to an increase in headcount whereby our headcount increased from 135 employees in FPE 2023 to 153 in FPE 2024 which was mainly due to additional staffing from 8 to 15 in our production floor under the "operations" category as well as additional staffing from 16 to 22 in our laboratory.

(d) Others

Other cost of sales mainly includes third-party engineering service charges and rental of third-party equipment and facility. Other cost of sales accounted for 1.73% (RM1.15 million), 4.72% (RM4.43 million), 5.95% (RM7.79 million) and 1.80% (RM1.54 million) of our total cost of sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

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

The other cost of sales increased by RM3.27 million or 283.54% to RM4.43 million in FYE 2022 (FYE 2021: RM1.15 million). This was mainly attributed to the increase in third-party engineering service charges and rental fees of third-party equipment used in our technical support services rendered to Petronas group. This was also reflected in the increase in revenue from our technical support services in FYE 2022.

FYE 2023 compared to FYE 2022

For FYE 2023, the other cost of sales increased by RM3.36 million or 75.94% to RM7.79 million in FYE 2023 (FYE 2022: RM4.43 million). This was mainly attributed to the increase in third-party engineering service charges in relation to the supply of catalyst to Petronas group. The increase was partially offset by the decrease in the rental fees of third-party equipment as reflected in the lower revenue from our facility/equipment rental services in FYE 2023.

FPE 2024 compared to FPE 2023

The other cost of sales decreased RM0.12 million or 6.95% to RM1.54 million in FPE 2024 (FPE 2023: RM1.66 million). This was mainly attributed to the lower costs for the rental of equipment as reflected in the lower revenue from our facility and equipment rental services in FPE 2024.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.4 GP and GP margin

(i) GP and GP margin by business activities and type of products and services

Our GP and GP margin by business activities and type of products and services for the Financial Periods Under Review are set out below:

Business activities	<-----FYE 2021----->			<-----FYE 2022----->			<-----FYE 2023----->			<-----FPE 2023----->			<-----FPE 2024----->		
	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP
	RM'000	%	margin %	RM'000	%	margin %	RM'000	%	Margin %	RM'000	%	margin %	RM'000	%	margin %
Manufacturing segment	25,800	89.52	30.45	39,973	76.78	32.40	56,370	83.09	36.04	44,888	88.12	36.63	38,499	84.74	34.12
• Drilling fluid chemicals	19,159	66.48	27.74	31,008	59.56	29.27	50,422	74.32	34.83	42,404	83.24	36.43	35,643	78.45	34.15
• Production and refinery chemicals	6,627	23.00	49.59	8,940	17.17	52.60	6,026	8.88	58.38	2,525	4.96	52.08	2,856	6.29	33.66
• Others ⁽¹⁾	14	0.04	0.61	25	0.05	5.41	(78)	(0.11)	(5.96)	(41)	(0.08)	(3.14)	-	-	-
Trading and related support services segment	3,019	10.48	27.49	12,087	23.22	53.88	11,477	16.91	27.08	6,053	11.88	67.80	6,931	15.26	38.80
Supply of O&G specialty and industrial chemicals	2,268	7.87	23.02	2,163	4.16	23.69	3,428	5.06	10.36	747	1.46	32.09	1,611	3.55	13.15
• Catalyst	-	-	-	-	-	-	2,575	3.80	8.82	-	-	-	650	1.43	7.76
• Sulfiding agent	-	-	-	1,299	2.50	22.86	468	0.69	17.23	184	0.36	17.42	468	1.03	16.30
• Fuel additives	1,767	6.13	28.33	615	1.18	24.39	216	0.32	38.03	216	0.42	38.03	-	-	-
• Others ⁽²⁾	501	1.74	13.87	249	0.48	26.95	169	0.25	28.55	347	0.68	49.29	493	1.09	48.96

12. FINANCIAL INFORMATION (CONT'D)

Business activities	<-----FYE 2021----->			<-----FYE 2022----->			<-----FYE 2023----->			<-----FPE 2023----->			<-----FPE 2024----->		
	GP		margin	GP		margin	GP		Margin	GP		margin	GP		margin
	<-----GP----->			<-----GP----->			<-----GP----->			<-----GP----->			<-----GP----->		
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Provision of technical related support services ⁽³⁾	751	2.61	66.34	9,924	19.06	74.59	8,049	11.85	86.51	5,306	10.42	80.39	5,320	11.71	94.75
Total GP/Group GP margin	28,819	100.00	30.11	52,060	100.00	35.70	67,847	100.00	34.13	50,941	100.00	38.74	45,430	100.00	34.76

Notes:

- (1) Include calcium nitrate brine and synthetic foam concentrate.
- (2) Include other industrial chemicals, comprising among others, dyes, hydrogen peroxide, calcium nitrate, 1-octanol, proxitane 5:20, sodium bromide liquid, foam concentrate, liquefied petroleum gas additive, polymer break and drilling fluid additive, and other chemicals.
- (3) Include technical support, rental of facilities and equipment as well as other related support services such as mobilisation, demobilisation and delivery services. In FPE 2024, it also includes tolling services.

12. FINANCIAL INFORMATION (CONT'D)

(ii) GP and GP margin by geographical markets

Our GP and GP margin by geographical markets for the Financial Periods Under Review are set out below:

Geographical markets ⁽¹⁾	<-----FYE 2021----->			<-----FYE 2022----->			<-----FYE 2023----->			<-----FPE 2023----->			<-----FPE 2024----->		
	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP	<-----GP----->		GP
	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%	RM'000	%	%
Asia Pacific	21,119	73.28	30.07	35,086	67.39	37.28	42,721	62.97	33.20	27,346	53.68	40.43	35,032	77.11	35.72
• Malaysia	9,075	31.49	30.34	19,275	37.02	40.30	16,996	25.05	27.82	8,362	16.42	44.23	9,625	21.19	34.16
• Thailand	4,310	14.96	30.65	5,892	11.32	35.09	14,382	21.20	40.92	10,603	20.81	40.50	14,608	32.15	38.55
• Indonesia	4,620	16.03	30.75	5,004	9.61	33.31	7,294	10.75	34.70	6,027	11.83	36.99	7,047	15.51	34.16
• Others ⁽²⁾	3,114	10.80	27.71	4,915	9.44	33.95	4,049	5.97	35.45	2,354	4.62	37.65	3,752	8.26	33.00
Middle East	7,420	25.75	29.89	15,876	30.50	32.72	23,625	34.82	35.87	22,424	44.02	36.91	5,787	12.74	29.78
• Saudi Arabia	1,084	3.76	30.46	9,291	17.85	32.31	14,004	20.64	36.01	13,515	26.53	36.77	2,678	5.89	28.81
• Oman	3,835	13.31	28.07	4,436	8.52	32.25	6,659	9.81	34.29	6,076	11.93	36.17	2,245	4.95	28.54
• Others ⁽³⁾	2,501	8.68	32.91	2,149	4.13	35.80	2,962	4.37	39.14	2,833	5.56	39.36	864	1.90	38.04
Other regions	280	0.97	41.98	1,098	2.11	34.57	1,501	2.21	35.54	1,171	2.30	37.77	4,611	10.15	34.91
• USA	-	-	-	-	-	-	423	0.62	31.83	63	0.12	34.81	4,459	9.81	34.98
• Others ⁽⁴⁾	280	0.97	41.98	1,098	2.11	34.57	1,078	1.59	37.24	1,108	2.18	37.96	152	0.34	32.76
Total GP/Group GP margin	28,819	100.00	30.11	52,060	100.00	35.70	67,847	100.00	34.13	50,941	100.00	38.74	45,430	100.00	34.76

Notes:

- (1) Based on the final destination of our products and may not represent the location of the end consumer.
- (2) Other countries in the Asia Pacific region include Australia, New Zealand, China, India, Brunei, Turkey, Pakistan, Papua New Guinea, Bangladesh, Singapore, Vietnam, Turkmenistan and Japan.
- (3) Other countries in the Middle East region include Kuwait, UAE, Qatar and Bahrain.

12. FINANCIAL INFORMATION (CONT'D)

- (4) Comprising countries in the African region (includes Algeria, Egypt and Nigeria), European region (includes Russia, Ukraine and Netherland) and American region (includes Argentina).

FYE 2022 compared to FYE 2021

GP by business activities and type of products and services

Our total Group GP increased by RM23.24 million or 80.64% to RM52.06 million in FYE 2022 (FYE 2021: RM28.82 million). Similarly, our Group's GP margin improved from 30.11% in FYE 2021 to 35.70% in FYE 2022. This was mainly attributed to an improvement in our GP and GP margin from our manufacturing segment as well as trading and related support services segment.

(i) Manufacturing segment

The GP from our manufacturing segment increased by RM14.17 million or 54.93% to RM39.97 million in FYE 2022 (FYE 2021: RM25.80 million), which was mainly attributed to the following:

- an increase in GP from the drilling fluid chemical manufacturing by RM11.85 million or 61.85% to RM31.01 million in FYE 2022 (FYE 2021: RM19.16 million). This was mainly contributed by higher GP from emulsifier range of products, which increased by RM9.56 million or 54.14% to RM27.20 million in FYE 2022 (FYE 2021: RM17.65 million) and this was also reflected in the increase in the revenue from the sales of emulsifier range of products by 46.61% in FYE 2022 attributed to a higher average selling price of emulsifier range of products.

The increase in GP for drilling fluid chemicals was also partly contributed by the higher GP contribution from other selected drilling fluid chemicals comprising wetting agent, rheology modifier, fluid loss additive and spotting fluid range of products, which collectively increased by 165.35%. This was also reflected in the collective increase in revenue of 178.67% arising from higher demand as reflected in the increase in sales volume of these products by 111.98% in FYE 2022.

- an increase in GP from the production and refinery chemicals by RM2.31 million or 34.90% to RM8.94 million in FYE 2022 (FYE 2021: RM6.63 million), mainly contributed by higher GP contribution from scavenger range of products which increased by RM2.01 million or 41.51% to RM6.86 million in FYE 2022 (FYE 2021: RM4.85 million). This was also reflected in the increase in revenue of 46.23% from sales of the scavenger range of products in FYE 2022 arising from higher demand as reflected in the increase in sales volume of this product range by 62.45% in FYE 2022.

Our GP margin from the manufacturing segment improved from 30.45% in FYE 2021 to 32.40% in FYE 2022, which was mainly attributed to the improvement in GP margin from our O&G specialty chemicals arising from an increase in the average selling prices of our drilling fluid chemicals, and production and refinery chemicals.

12. FINANCIAL INFORMATION (CONT'D)

The increase in the average selling price is the result of an upward revision in pricing in FYE 2022 due to the rising cost of imported materials as well as partly attributed to the appreciation of USD against RM in FYE 2022 as our export sales were transacted in USD. This was reflected in the average selling prices of our manufactured products, such as the average price of drilling fluid chemicals as well as production and refinery chemicals which increased by 51.72% and 31.32% in FYE 2022 respectively. Meanwhile, our cost of sales per tonne of our drilling fluid chemicals as well as production and refinery chemicals increased by 48.49% and 23.49% in FYE 2022 respectively.

(ii) Trading and related support services segment

GP from trading and related support services segment increased by RM9.07 million or 300.36% to RM12.09 million in FYE 2022 (FYE 2021: RM3.02 million). Similarly, our GP margin from trading and related support services segment improved from 27.49% in FYE 2022 to 53.88% in FYE 2023.

Supply of specialty and industrial chemicals

GP from our supply of specialty and industrial chemicals decreased by RM0.11 million or 4.63% to RM2.16 million in FYE 2022 (FYE 2021: RM2.27 million). This was mainly attributed to lower GP contribution from the supply of fuel additive range of products which decreased by RM1.15 million or 65.20% in FYE 2022. This was also reflected in the decrease in revenue for the supply of the said product by 59.57% in FYE 2022.

The decrease was partially moderated by the GP contribution of RM1.30 million from the sales of sulfiding agent to Petronas group in FYE 2022.

Our GP margin from the supply of specialty and industrial chemicals remained relatively consistent at 23.69% in FYE 2022 (FYE 2021: 23.02%), and the GP margin was mainly derived from the trading sales of sulfiding agent in FYE 2022.

Provision of technical related support services

The GP from technical related support services increased by RM9.17 million or 1,221.44% to RM9.92 million in FYE 2022 (FYE 2021: RM0.75 million), mainly contributed by the GP from the provision of technical support services and rental of specialised equipment to Petronas group which increased by RM4.67 million and RM4.49 million respectively.

The GP margin from related support services improved from 66.34% in FYE 2021 to 74.59% in FYE 2022, mainly attributed to the lower unit operating costs as reflected in the decrease in proportion of cost of sales against revenue of this segment. The improve in GP margin was mainly associated with higher GP margin from the rental of specialised equipment for Petronas group.

GP by geographical markets

Our total GP increased by RM23.24 million or 80.64% to RM52.06 million in FYE 2022 (FYE 2021: RM28.82 million) mainly contributed by the growth from the following regions:

- GP from Asia Pacific region increased by RM13.97 million or 66.13% to RM35.09 million in FYE 2022 (FYE 2021: RM21.12 million), mainly attributed to the higher GP contribution from Malaysia which increased by RM10.20 million driven by the commencement of technical support services and equipment rental to Petronas group in FYE 2022. In addition to Malaysia, the GP growth from other countries in Asia Pacific region increased by RM3.77 million, mainly contributed by the shipments of our O&G specialty chemicals mainly drilling fluid chemicals to Thailand, Australia and New Zealand and India.

12. FINANCIAL INFORMATION (CONT'D)

GP margin from the Asia Pacific region improved from 30.07% in FYE 2021 to 37.28% in FYE 2022, which was mainly attributed to the higher GP contribution from the high margin support services rendered including technical support and rental of specialised equipment in Malaysia. The improvement in GP margin was also attributed to the higher product pricing as well as appreciation of USD against RM from the export sales in FYE 2022;

- GP from the Middle East region increased by RM8.46 million or 113.96% to RM15.88 million in FYE 2022 (FYE 2021: RM7.42 million), mainly attributed to the increase in GP contribution from Saudi Arabia by RM8.21 million in FYE 2022 arising from the export shipments of O&G specialty chemicals comprising emulsifier and wetting agent range of products. This was reflected in the increase in revenue of this region by 95.46% in FYE 2022.

The GP margin from Middle East region improved from 29.89% in FYE 2021 to 32.72% in FYE 2022, mainly attributed to the higher product pricing and appreciation of USD against RM arising from export sales in FYE 2022; and

- GP from other regions increased by RM0.82 million or 292.14% to RM1.10 million in FYE 2022 (FYE 2021: RM0.28 million), mainly attributed to the higher GP contribution from the export shipment of O&G specialty chemicals to Algeria and Nigeria. Meanwhile, the GP margin from other regions decreased from 41.98% in FYE 2021 to 34.57% in FYE 2022, mainly attributed to higher sales of lower margin products.

FYE 2023 compared to FYE 2022

GP by business activities and type of products and services

Our total Group GP increased by RM15.79 million or 30.32% to RM67.85 million in FYE 2023 (FYE 2022: RM52.06 million). Our Group GP margin declined from 35.70% in FYE 2022 to 34.13% in FYE 2023. This was mainly attributed to our GP and GP margin from our trading and related support services segment.

(i) Manufacturing segment

The GP from our manufacturing segment increased by RM16.40 million or 41.02% to RM56.37 million in FYE 2023 (FYE 2022: RM39.97 million), which was mainly attributed to the following:

- an increase in GP from the drilling fluid chemical manufacturing by RM19.41 million or 62.61% to RM50.42 million in FYE 2023 (FYE 2022: RM31.01 million). This was mainly contributed by higher GP from emulsifier range of products, which increased by RM18.70 million or 68.75% in FYE 2023 and this was also reflected in the increase in the sales of emulsifier range of products by 40.74% in FYE 2023; and
- the increase in GP from the drilling fluid chemical was partially offset by the decrease in GP from the production and refinery chemicals by RM2.91 million or 32.60% to RM6.03 million in FYE 2023 (FYE 2022: RM8.94 million). The decrease was mainly due to the lower GP from scavenger range of products which decreased by RM2.37 million or 34.58% to RM4.49 million in FYE 2023 (FYE 2022: RM6.86 million). This was also reflected in the decrease in revenue from scavenger range of products by 39.58% in FYE 2023. In addition, the GP from corrosion inhibitor range of products decreased by RM0.78 million or 37.47% to RM1.30 million in FYE 2023 (FYE 2022: RM2.07 million). This was also reflected in the decrease in revenue from corrosion inhibitor range of products by 46.63% in FYE 2023.

12. FINANCIAL INFORMATION (CONT'D)

In addition, there was a gross loss of RM0.08 million in FYE 2023, mainly due to the calcium nitrate brine which has ceased production since June 2023 after considering the decline in margin from this product.

Our GP margin from the manufacturing segment improved from 32.40% in FYE 2022 to 36.04% in FYE 2023, which was mainly attributed to the improvement in GP margin from our O&G specialty chemicals arising from the lower average costs of our drilling fluid chemicals, and increase in the average selling prices for our production and refinery chemicals.

The GP margin for the drilling fluid chemicals improved from 29.27% in FYE 2022 to 34.83% in FYE 2023 which was mainly attributed to the lower average costs. This was reflected in the lower cost of sales against revenue for the manufacturing of drilling fluid chemicals which declined from 70.73% in FYE 2022 to 65.17% in FYE 2023. The improvement in GP margin was also partly attributed to the appreciation of USD against RM in FYE 2023 as our export sales were transacted in USD.

The GP margin for the production and refinery chemicals improved from 52.60% in FYE 2022 to 58.38% in FYE 2023. This was mainly resulting from the increase in the average selling price of the said product range due to an upward revision as well as partly attributed to the appreciation of USD against RM in FYE 2023 as our export sales were transacted in USD. This was reflected in the average selling prices of our production and refinery chemicals, which increased by 15.00% in FYE 2023.

(ii) Trading and related support services segment

GP from trading and related support services segment decreased by RM0.61 million or 5.05% to RM11.48 million in FYE 2023 (FYE 2022: RM12.09 million). Similarly, our GP margin from trading and related support services segment dropped from 53.88% in FYE 2022 to 27.08% in FYE 2023.

Supply of specialty and industrial chemicals

GP from our supply of specialty and industrial chemicals increased by RM1.27 million or 58.48% to RM3.43 million in FYE 2023 (FYE 2022: RM2.16 million), which was mainly attributed to the GP from the supply of catalyst to Petronas group which contributed RM2.58 million in FYE 2023.

Our GP margin from the supply of specialty and industrial chemicals decreased from 23.69% in FYE 2022 to 10.36% in FYE 2023, mainly attributed to the higher trading sales of lower margin product, namely catalyst. In addition, the GP margin from the supply of fuel additives increased from 24.39% in FYE 2022 to 38.03% in FYE 2023, this was mainly attributed to the supply of high-priced range of fuel additives based on customer requests.

Provision of technical related support services

The GP from related support services decreased by RM1.88 million or 18.89% to RM8.05 million in FYE 2023 (FYE 2022: RM9.92 million), which was mainly attributed to the lower GP contribution from the provision of technical support services to Petronas group which decreased by RM1.44 million or 28.61% to RM3.58 million in FYE 2023 (FYE 2022: RM5.02 million). This was also reflected in the decrease in revenue from the said services by 37.25% in FYE 2023.

The GP margin from related support services improved from 74.59% in FYE 2022 to 86.51% in FYE 2023, mainly attributed to the standby services charged to our customer based on request in relation to the supply of sulfiding agent.

12. FINANCIAL INFORMATION (CONT'D)***GP by geographical market***

Our total Group GP increased by RM15.79 million or 30.32% to RM67.85 million in FYE 2023 (FYE 2022: RM52.06 million), mainly attributed to the following:

- GP from Asia Pacific region increased by RM7.64 million or 21.76% to RM42.72 million in FYE 2023 (FYE 2022: RM35.09 million), mainly attributed to the higher GP contribution from Thailand and Indonesia by RM8.49 million and RM2.29 million in FYE 2023 respectively. This was mainly for the supply of emulsifier range of products to 2 O&G product and service providers, namely Customer A and Baker Hughes group. The increase was partially offset by the lower GP contribution from Malaysia by RM2.28 million, which was mainly due to higher trading sales of lower margin products.

GP margin from the Asia Pacific region decreased from 37.28% in FYE 2022 to 33.20% in FYE 2023, which was mainly attributed to the higher trading sales of lower margin products in Malaysia. This is reflected in the GP margin of Malaysia operations which declined from 40.30% in FYE 2022 to 27.82% in FYE 2023;

- GP from Middle East region increased by RM7.75 million or 48.81% to RM23.63 million in FYE 2023 (FYE 2022: RM15.88 million), mainly attributed to the increase in GP contribution from Saudi Arabia and Oman by RM4.71 million and RM2.22 million in FYE 2023 respectively. This was mainly attributed to the increase in export shipments of O&G specialty chemicals comprising emulsifier range of products.

GP margin from Middle East region improved from 32.72% in FYE 2022 to 35.87% in FYE 2023, mainly attributed to the higher product pricing and appreciation of USD against RM arising from export sales in FYE 2023; and

- GP from other regions increased by RM0.40 million or 36.70% to RM1.50 million in FYE 2023 (FYE 2022: RM1.10 million), mainly attributed to the higher GP contribution from American region by RM0.92 million from the export shipment of emulsifier.

GP margin from the other regions increased from 34.57% in FYE 2022 to 35.54% in FYE 2023, mainly contributed by sales from higher margin products and appreciation of USD against RM arising from export sales in FYE 2023.

FPE 2024 compared to FPE 2023

Our Group's total GP decreased by RM5.51 million or 10.82% to RM45.43 million in FPE 2024 (FPE 2023: RM50.94 million). Our Group's GP margin decreased from 38.74% in FPE 2023 to 34.76% in FPE 2024. This was mainly attributed to the decrease in our GP and GP margin from our manufacturing segment.

(i) Manufacturing segment

The GP from our manufacturing segment decreased by RM6.39 million or 14.23% to RM38.50 million in FPE 2024 (FPE 2023: RM44.89 million), which was mainly attributed to the following:

- decrease in GP from the drilling fluid chemical manufacturing by RM6.76 million or 15.94% to RM35.64 million in FPE 2024 (FPE 2023: RM42.40 million). This was mainly contributed by the decrease in GP from the emulsifier range of products, which decreased by RM10.76 million or 27.32% to RM28.61 million in FPE 2024 (FPE 2023: RM39.37 million). This was reflected in the decrease in the sales of the emulsifier range of products by 21.64% in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

The decrease was partially moderated by the increase in GP from the other selected drilling fluid chemicals comprising lubricants, fluid loss additives, rheology modifiers, drilling mud thinners, and wellbore cleaning chemicals which collectively increased by RM4.07 million or 156.41% to RM6.68 million in FPE 2024 (FPE 2023: RM2.60 million).

- the decrease in GP from the drilling fluid chemicals was partially moderated by an increase in GP from the production and refinery chemicals by RM0.33 million or 13.11% to RM2.86 million in FPE 2024 (FPE 2023: RM2.53 million). This was mainly contributed by the higher GP from the corrosion inhibitor range of products by RM1.74 million or 222.44% to RM2.52 million in FPE 2024 (FPE 2023: RM0.78 million). This was also reflected in the increase in the sales of the corrosion inhibitor range of products by 302.96% in FPE 2024.

Our GP margin from the manufacturing segment decreased from 36.63% in FPE 2023 to 34.12% in FPE 2024, which was mainly attributed to the lower GP margin from our manufacturing of drilling fluid chemicals as well as production and refinery chemicals.

The GP margin for the manufacturing of drilling fluid chemicals declined from 36.43% in FPE 2023 to 34.15% in FPE 2024. This was mainly attributed to the higher sales of lower margin products, namely lubricants range of products. The lower margin for lubricants range of products was mainly due to the higher average costs as reflected in the higher cost of sales against revenue for the manufacturing of this range of products which increased from 49.33% in FPE 2023 to 62.50% in FPE 2024.

The GP margin for the manufacturing of production and refinery chemicals declined from 52.08% in FPE 2023 to 33.66% in FPE 2024. This was mainly attributed to the lower average selling price of the said range of products where it declined by 16.64% in FPE 2024 as there were lower sales of higher priced products which mainly include scavenger range of products.

(ii) Trading and related support services segment

The GP from the trading and related support services segment increased by RM0.88 million or 14.51% to RM6.93 million in FPE 2024 (FPE 2023: RM6.05 million). Meanwhile, our GP margin from the trading and related support services segment declined from 67.80% in FPE 2023 to 38.80% in FPE 2024 mainly due to the lower GP margin for the supply of O&G specialty and industrial chemicals.

Supply of O&G specialty and industrial chemicals

GP from our supply of specialty and industrial chemicals increased by RM0.86 million or 115.66% to RM1.61 million in FPE 2024 (FPE 2023: RM0.75 million), which was mainly attributed to the GP from the supply of specialty and industrial chemicals to Petronas group.

Our GP margin from the supply of specialty and industrial chemicals decreased from 32.09% in FPE 2023 to 13.15% in FPE 2024, mainly attributed to the higher trading sales of lower margin products, namely sulfiding agent and catalyst activator.

12. FINANCIAL INFORMATION (CONT'D)**Provision of technical related support services**

The GP from the provision of technical related support services remained relatively consistent at RM5.32 million in FPE 2024 (FPE 2023: RM5.31 million). Our GP margin from the technical related support services increased from 80.39% in FPE 2023 to 94.75% in FPE 2024, mainly attributed to the standby services charged to our customer based on request in relation to the supply of sulfiding agent.

GP by geographical market

Our Group's total GP decreased by RM5.51 million or 10.82% to RM45.43 million in FPE 2024 (FPE 2023: RM50.94 million), mainly attributed to the following:

- GP from the Asia Pacific region increased by RM7.69 million or 28.11% to RM35.03 million in FPE 2024 (FPE 2023: RM27.35 million), mainly attributed to the higher GP contribution from Thailand, Malaysia and Indonesia by RM4.01 million, RM1.26 million and RM1.02 million in FPE 2024 respectively. This was mainly for the supply of emulsifiers and lubricant range of products to an O&G products and service provider in Thailand, the supply of catalyst activators to Petronas group in Malaysia, as well as the supply of emulsifiers to several O&G service companies in Indonesia. Meanwhile, the GP margin from the Asia Pacific region decreased from 40.43% in FPE 2023 to 35.72% in FPE 2024, which was mainly attributed to the higher sales of lower margin products in FPE 2024.
- GP from the Middle East region decreased by RM16.64 million or 74.19% to RM5.79 million in FPE 2024 (FPE 2023: RM22.42 million), mainly attributed to the lower GP contribution from Saudi Arabia and Oman by RM10.84 million and RM3.83 million in FPE 2024 respectively. This was mainly due to the lower export shipment of emulsifier range of products to Saudi Arabia and Oman. Meanwhile, the GP margin from the Middle East region decreased from 36.91% in FPE 2023 to 29.78% in FPE 2024, mainly attributed to higher sales of lower priced products.
- GP from other regions increased by RM3.44 million or 293.77% to RM4.61 million in FPE 2024 (FPE 2023: RM1.17 million), mainly attributed to the higher GP contribution from the export shipment of O&G specialty chemicals to the USA. Meanwhile, the GP margin from other regions declined from 37.77% in FPE 2023 to 34.91% in FPE 2024, mainly attributed to the sales of lower priced products to the African region.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.5 Other income

Our other income for the Financial Periods Under Review are set out below:

Other income	<---FYE 2021--->		<---FYE 2022--->		<---FYE 2023--->		<---FPE 2023--->		<---FPE 2024--->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Gains on currency exchange	980	59.03	2,054	62.00	6,194	77.92	4,687	94.07	-	-
- <i>Realised gains on currency exchange</i>	-	-	2,054	62.00	4,920	61.89	3,521	70.67	-	-
- <i>Unrealised gains on currency exchange</i>	980	59.03	-	-	1,274	16.03	1,166	23.40	-	-
Sundry income ⁽¹⁾	122	7.35	331	9.99	1,241	15.61	119	2.39	71	5.11
Interest income ⁽²⁾	23	1.39	31	0.94	381	4.79	80	1.61	474	34.13
Grants ⁽³⁾	442	26.63	892	26.92	133	1.68	96	1.93	754	54.28
- <i>Received during the financial year/period</i>	371	22.35	786	23.72	27	0.34	17	0.34	558	40.17
- <i>Amortised during the financial year/period</i>	71	4.28	106	3.20	106	1.34	79	1.59	196	14.11
Gains from disposal of PPE ⁽⁴⁾	93	5.60	5	0.15	-	-	-	-	90	6.48
Total other income	1,660	100.00	3,313	100.00	7,949	100.00	4,982	100.00	1,389	100.00

Notes:

- (1) Include sales of empty used drums and others such as lashing charges. In FYE 2022, it also includes prizes received from the Excellent Entrepreneur Award 2022 of RM0.11 million from the Ministry of Entrepreneur and Cooperatives Development. In FYE 2023, there was a reversal of RM1.06 million relating to the provision of tax compound of RM1.10 million which was provided in FYE 2022 under the administrative expenses.
- (2) Include interest income from fixed deposits and derivative financial asset with licensed banks.
- (3) Comprise grants that were received during the respective financial year/period and amortised over the years. This includes government grant from the MATRADE for reimbursements of logistic costs for exporting Malaysian products, Malaysia External Trade Development Corporation under the Bumiputra Initiatives for Globalisation (B.I.G.) programme for expansion of our O&G specialty chemicals manufacturing facilities, Bumiputera Agenda Steering Unit (TERAJU) for the purchase of machineries and equipment as well as government grant from SME Corporation Malaysia under the High Impact Programme 5 (HIP 5) for marketing activities. For FPE 2024, it also includes government grant received from the SME Corporation Malaysia under the Bumiputera Enterprise Enhancement Programme (BEEP) for our Listing expenses.
- (4) Include gains from disposal of plant and machinery.

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

Our other income increased by RM1.65 million or 99.58% to RM3.31 million in FYE 2022 (FYE 2021: RM1.66 million) which was mainly contributed by the following:

- realised gains of RM2.05 million from foreign exchange in FYE 2022. This was attributed to the movement of the foreign exchange arising from export sales which were transacted in USD; and
- increase in government grant of RM0.45 million including SME Corporation Malaysia under the High Impact Programme (HIP 5) which was used to fund marketing activities as well as government grant from the Bumiputera Agenda Steering Unit (TERAJU) for the purchase of machinery and equipment.

The increase was partially moderated as there was no unrealised gain in foreign exchange in FYE 2022 compared to RM0.98 million in FYE 2021.

FYE 2023 compared to FYE 2022

Our other income increased by RM4.64 million or 139.93% to RM7.95 million in FYE 2023 (FYE 2022: RM3.31 million) which was mainly contributed by the following:

- the realised and unrealised gains from foreign exchange which increased by RM4.14 million in FYE 2023. This was attributed to the movement of the foreign exchange arising from export sales which were transacted in USD; and
- increase in sundry income of RM0.91 million mainly arising from the reversal of the provision of tax compound. In addition, the increase was partly attributed to the increase in interest income of RM0.35 million in FYE 2023.

The increase was partially moderated by the decrease in grants received by RM0.76 million in FYE 2023 mainly attributed to the lower grants from the HIP 5 programme and TERAJU.

FPE 2024 compared to FPE 2023

Our other income decreased by RM3.59 million or 72.14% to RM1.39 million in FPE 2024 (FPE 2023: RM4.98 million) which was mainly due to the lower realised and unrealised gain on currency exchange which decreased by RM3.52 million and RM1.17 million in FPE 2024 respectively. This was mainly attributed to the movement of the foreign exchange arising from the sales of our products and purchase of input materials which was mainly transacted in USD and EUR.

The decrease was partially moderated by the increase in government grants mainly the grant received from the SME Corporation Malaysia under the Bumiputera Enterprise Enhancement Programme (BEEP) for our Listing expenses, interest income, and gains from disposal of a motor vehicle which collectively increased by RM1.14 million in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

12.3.6 Selling and distribution expenses

Our selling and distribution expenses for the Financial Periods Under Review are set out below:

Selling and distribution expenses	<----FYE 2021----->		<----FYE 2022----->		<----FYE 2023----->		<----FPE 2023----->		<----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Staff cost ⁽¹⁾	1,162	19.43	2,008	24.45	3,467	42.52	2,417	47.32	2,583	34.73
Transportation charges ⁽²⁾	1,647	27.54	1,932	23.53	1,414	17.34	1,036	20.28	2,918	39.24
Sales commissions ⁽³⁾	2,521	42.16	2,607	31.75	1,414	17.34	489	9.57	130	1.75
Travelling and accommodation ⁽⁴⁾	197	3.29	955	11.63	746	9.15	518	10.14	543	7.30
Exhibition expenses ⁽⁵⁾	-	-	-	-	-	-	-	-	451	6.06
Other selling and distribution expenses ⁽⁶⁾	452	7.58	709	8.64	1,113	13.65	648	12.69	812	10.92
Total	5,979	100.00	8,211	100.00	8,154	100.00	5,108	100.00	7,437	100.00

Notes:

- (1) Include salaries, bonuses, statutory contributions and other expenses for our sales and marketing department.
- (2) Include transportation charges for the delivery of goods to customers which are carried out by third-party logistic companies upon customers' request.
- (3) Include mainly fees paid to third-party for the technical advisory services provided to our customers on our behalf and/or introductory sales of our O&G specialty chemicals. The fees paid to the third-party were classified as sales commissions as the third-party facilitated product sales through their provision of technical advice on our behalf.
- (4) Include travelling and accommodation expenses related to sales and marketing activities.
- (5) Include expenses such as booth rental, architecture scale model and door gifts for exhibition as part of our marketing activities.
- (6) Include advertisement, entertainment, sales rebates and other expenses.

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

Our selling and distribution expenses increased by RM2.23 million or 37.33% to RM8.21 million in FYE 2022 (FYE 2021: RM5.98 million) which was mainly attributed to the following:

- increase of RM0.85 million in staff cost which was mainly attributed to the increase in bonus payments for sales and marketing personnel;
- increase of RM0.76 million in travelling and accommodation expenses mainly attributed to the higher sales and marketing activities carried out in FYE 2022; and
- increase of RM0.29 million in transportation charges for the delivery of goods to our customers.

FYE 2023 compared to FYE 2022

Our selling and distribution expenses decreased by RM0.06 million or 0.69% to RM8.15 million in FYE 2023 (FYE 2022: RM8.21 million) was mainly attributed to the following:

- decrease of RM1.19 million on sales commission which was mainly arising from the lower sales volume of our O&G specialty chemicals secured through the third-parties during the FYE 2023;
- decrease of RM0.52 million on transportation charges for the delivery of goods to our customers mainly attributed to lower request for delivery of goods from customer; and
- decrease of RM0.21 million on travelling and accommodation expenses mainly attributed to the lower sales and marketing activities carried out in FYE 2023.

The decrease was partially moderated by the increase in staff costs by RM1.46 million in FYE 2023 which was mainly attributed to the increase in headcount for our sales and marketing department from 3 personnel in FYE 2022 to 9 personnel in FYE 2023, increase in bonus payments as well as salary increment for our sales and marketing personnel.

FPE 2024 compared to FPE 2023

Our selling and distribution expenses increased by RM2.33 million or 45.60% to RM7.44 million in FPE 2024 (FPE 2023: RM5.11 million) which was mainly attributed to the following:

- increase of RM1.88 million in transportation charges which was mainly attributed to the cost for the export shipments of goods to our customers in USA based on their request in FPE 2024;
- RM0.45 million in exhibition expenses for our sales and marketing activities incurred in FPE 2024; and
- increase of RM0.17 million in staff cost which was mainly attributed to the higher headcount which increased from 17 employees in FPE 2023 to 25 employees in FPE 2024.

12. FINANCIAL INFORMATION (CONT'D)

12.3.7 Administrative expenses

Our administrative and other expenses for the Financial Periods Under Review are set out below:

Administrative expenses	<----FYE 2021----->		<----FYE 2022----->		<----FYE 2023----->		<----FPE 2023----->		<----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Directors' remunerations ⁽¹⁾	4,278	40.56	9,106	45.46	6,839	34.35	4,605	35.12	5,103	32.11
Staff cost ⁽²⁾	2,065	19.58	3,879	19.37	6,865	34.48	4,442	33.87	5,583	35.13
Legal and professional fees ⁽³⁾	3,032	28.75	2,913	14.54	3,219	16.17	2,182	16.64	2,428	15.28
Insurance ⁽⁴⁾	284	2.69	334	1.67	371	1.86	289	2.20	385	2.43
Compounds ⁽⁵⁾	24	0.23	1,188	5.93	96	0.48	140	1.07	2	0.01
Management fees ⁽⁶⁾	-	-	1,488	7.43	-	-	-	-	-	-
Other administrative expenses ⁽⁷⁾	864	8.19	1,122	5.60	2,518	12.66	1,455	11.10	2,390	15.04
Total	10,547	100.00	20,030	100.00	19,908	100.00	13,113	100.00	15,891	100.00

Notes:

- (1) Include salaries, bonuses, statutory contributions and other expenses for our Directors.
- (2) Include salaries, bonuses, statutory contributions and other expenses for our employees from finance, human resources and administration, operations, legal and corporate affairs departments (other than the employees who are directly involved in the manufacturing operations).
- (3) Include fees charged by third-parties for various consultation services rendered such as product usage, technical services and regulatory requirements, professional fees, listing expenses and others.
- (4) Include insurance for staff and motor vehicles.
- (5) Include mainly provision of tax compound of RM1.10 million in relation to late furnishment of statement of remunerations (Form EA) to our employees as well as failure to submit notification of new employee (Form CP22) and cessation of employment (Form 22A) to IRB in FYE 2022. There was a reversal of the said tax compound amounted to RM1.06 million in FYE 2023 due to the over provision of the said tax compound as the actual tax compound imposed by the IRB is RM0.04 million. The reversal was accounted for in FYE 2023 as other income. In addition, there was traffic compound in FPE 2023 and FPE 2024.
- (6) Include provision of management and support services charged by our substantial shareholder, namely Atreon to SSTCM. Please refer to Section 10.1.1 of this Prospectus for further information on the management and support services charged by Atreon.

12. FINANCIAL INFORMATION (CONT'D)

- (7) Others include upkeep of computer and office equipment, upkeep of motor vehicles, bank guarantee charges, rental of car, hostel and parking, audit fees, postage and stamp duty, printing and stationaries, royalty fees for the usage of trademark for the production of third-party brand, and others such as expenses for cleaning services, courier services, pest control and utilities.

FYE 2022 compared to FYE 2021

Our administrative expenses increased by RM9.48 million or 89.91% to RM20.03 million in FYE 2022 (FYE 2021: RM10.55 million) which was mainly attributed to the following:

- increase of RM4.83 million in Directors' remunerations which was mainly attributed to the higher bonus payment and adjustment of the remuneration package for our directors;
- increase of RM1.81 million in staff cost which was mainly attributed to higher bonus payment and salary increment for our employees as well as higher headcount from 18 employees in FYE 2021 to 22 employees in FYE 2022.
- there was a management fees of RM1.49 million mainly attributed to provision of management and support services charged by our substantial shareholder, namely Atreon to SSTCM; and
- there was a compound of RM1.18 million which mainly include RM1.10 million for the provision of tax compound in relation to late furnishment of statement of remunerations (Form EA) to our employees as well as failure to submit notification of new employee (Form CP22) and cessation of employment (Form 22A) to IRB.

FYE 2023 compared to FYE 2022

Our administrative expenses declined by RM0.12 million or 0.61% to RM19.91 million in FYE 2023 (FYE 2022: RM20.03 million) which was mainly due to the following:

- decrease of RM2.27 million in Directors' remunerations which was mainly attributed to lower bonus payment to our directors in FYE 2023;
- decrease of RM1.49 million arising from the cessation of management and support services provided by our substantial shareholder, namely Atreon to SSTCM; and
- absence of RM1.10 million in compound mainly due to the tax compound in FYE 2022 in relation to late furnishment of statement of remunerations (Form EA) to our employees as well as failure to submit notification of new employee (Form CP22) and cessation of employment (Form 22A) to IRB.

The decrease was partially moderated by the increase in staff cost by RM2.99 million which was mainly attributed to increase in headcount from 22 employees in FYE 2022 to 31 employees in FYE 2023, and salary increment and bonus payment. In addition, other administrative expenses increased by RM1.40 million which was mainly attributed to the upkeep of computer and office equipment, upkeep of motor vehicles, bank guarantee charges, postage and stamp duty fees as well as others such as utilities.

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

Our administrative expenses increased by RM2.78 million or 21.19% to RM15.89 million in FPE 2024 (FPE 2023: RM13.11 million) which was mainly attributed to the following:

- increase of RM1.14 million in staff cost which was mainly attributed to the increase in salary, cost for staff training, statutory contribution, overtime, as well as travelling expenses. In addition, there was an increase in staff headcount from 31 employees in FPE 2023 to 37 employees in FPE 2024; and
- increase of RM0.50 million in Directors' remunerations mainly attributed to the adjustment of the remuneration package for our Directors.

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12. FINANCIAL INFORMATION (CONT'D)

12.3.8 Other expenses and impairment loss on financial assets

Our other expenses for the Financial Periods Under Review are set out below:

Other expenses	<-----FYE 2021----->		<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2023----->		<-----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Loss on foreign exchange ⁽¹⁾	461	47.19	1,631	72.33	3,663	75.20	1,377	63.72	6,876	85.37
- Realised loss on currency exchange	461	47.19	1,138	50.47	1,759	36.11	1,377	63.72	2,703	33.56
- Unrealised loss on currency exchange	-	-	493	21.86	1,904	39.09	-	-	4,173	51.81
Depreciation	482	49.33	580	25.72	956	19.63	649	30.03	1,128	14.01
- PPE ⁽²⁾	425	43.50	523	23.19	708	14.54	485	22.44	690	8.57
- ROU ⁽³⁾	57	5.83	57	2.53	248	5.09	164	7.59	438	5.44
Others ⁽⁴⁾	34	3.48	44	1.95	252	5.17	135	6.25	50	0.62
Total	977	100.00	2,255	100.00	4,871	100.00	2,161	100.00	8,054	100.00
Impairment loss on financial assets										
Impairment loss on trade receivables ⁽⁵⁾	-	-	-	-	-	-	-	-	30	100.00
Total	-	-	-	-	-	-	-	-	30	100.00

Notes:

- (1) The loss on foreign exchange mainly refers to the net loss between the trade collections and payment.
- (2) Include depreciation for motor vehicles, computer system, furniture and fittings for office, office equipment, renovation of office and mobile phones.
- (3) ROU refers to rental for our operational offices at our Puncak Alam Factory. For FYE 2023 and FPE 2024, it also includes 2 units in Oasis Square PJ, 2 units in Eco Business Park Puncak Alam, 1 operational office in Pengerang, Johor and 1 operational office in Miri, Sarawak.
- (4) Include loss on disposal of PPE and PPE written-off.

12. FINANCIAL INFORMATION (CONT'D)

- (5) Consists of allowance of impairment losses on trade receivable for the amount owed by a customer that is overdue for 12 months after the credit period.

FYE 2022 compared to FYE 2021

Our other expenses increased by RM1.28 million or 130.81% to RM2.26 million in FYE 2022 (FYE 2021: RM0.98 million) which was mainly attributed to the increase of RM0.68 million in realised loss on foreign exchange arising from trade collections and payments which were transacted in USD. In addition, there was an unrealised loss on foreign exchange of RM0.49 million in FYE 2022. The loss on foreign exchange mainly arising from trade collections and payments was due to the foreign currency exchange rate fluctuations as follows:

- for trade collections transacted in USD, there will be a realised loss on foreign exchange in circumstances where USD depreciates against the RM between the time the revenue was recognised at invoice issuance and when the payment was received, resulting in a lower RM value upon conversion. The unrealised loss will occur when the USD depreciates against the RM after the invoice is issued but before payment is received based on the agreed credit terms, reducing the RM value of the outstanding receivables at the financial reporting date; and
- for trade payments transacted in USD, there will be a realised loss on foreign exchange in circumstances where USD appreciates against the RM between the time the purchase was recognised during goods received (based on international commercial terms agreed with the supplier) and when the payment was made, resulting in a higher RM value upon conversion. The unrealised loss will occur when the USD appreciates against the RM after the purchase is recognised but before the payment is made based on the agreed credit terms, increasing the RM value of the outstanding payables at the financial reporting date.

FYE 2023 compared to FYE 2022

Our other expenses increased by RM2.62 million or 116.01% to RM4.87 million in FYE 2023 (FYE 2022: RM2.26 million) which was mainly attributed to the following:

- increase of RM1.41 million in unrealised loss on foreign exchange arising from trade collections and payments which were transacted in USD. In addition, there was an increase of realised loss on foreign exchange of RM0.62 million in FYE 2023;
- increase of RM0.38 million in depreciation mainly arising from the 2 operational office units in Oasis Square, Petaling Jaya, 2 operational office units in Eco Business Park, Puncak Alam, 1 operational office in Pengerang, Johor and 1 operational office in Miri, Sarawak as well as computer system; and
- increase of RM0.21 million in other expenses mainly arising from PPE written-off related to an engineering design of a blending facility that was not used.

FPE 2024 compared to FPE 2023

Our other expenses increased by RM5.89 million or 272.70% to RM8.05 million in FPE 2024 (FPE 2023: RM2.16 million), mainly attributed to the following:

- increase of RM4.17 million in unrealised loss on foreign exchange mainly arising from trade collections and payments which were transacted in USD; and
- increase of RM0.48 million in depreciation mainly arising from the 2 operational office units in Oasis Square, Petaling Jaya, 2 operational office units in Eco Business Park, Puncak Alam, 1 operational office in Pengerang, Johor and 1 operational office in Miri, Sarawak as well as motor vehicles and computer system.

12. FINANCIAL INFORMATION (CONT'D)

12.3.9 Finance costs

Our finance costs for the Financial Periods Under Review are set out below:

	<---FYE 2021--->		<---FYE 2022--->		<---FYE 2023--->		<---FPE 2023--->		<---FPE 2024--->	
	RM'000	%	RM'000	%	RM'000	RM'000	%	RM'000	%	RM'000
Interest expense on:										
• Trust receipts	163	25.27	441	37.34	722	48.59	577	50.44	258	25.93
• Bankers' acceptances	49	7.60	75	6.35	243	16.35	158	13.81	338	33.97
• Lease liabilities ⁽¹⁾	167	25.89	190	16.09	226	15.21	170	14.86	177	17.79
• Revolving facility	115	17.83	137	11.60	128	8.61	107	9.35	40	4.02
• Term loans	119	18.45	216	18.29	102	6.86	91	7.96	71	7.14
• Receivable finance interest	-	-	93	7.87	35	2.36	18	1.57	41	4.12
• Hire purchase	26	4.03	27	2.29	24	1.62	18	1.57	65	6.53
• Bank overdrafts	6	0.93	2	0.17	5	0.40	5	0.44	5	0.50
Total	645	100.00	1,181	100.00	1,485	100.00	1,144	100.00	995	100.00

Note:

- (1) Including interest on lease liabilities for our Puncak Alam Factory, Lot 1 Warehouse, Lot 6 Warehouse and No. 55A Warehouse and storage tanks for our manufacturing operations. For FYE 2023, it also includes 2 units in Oasis Square, Petaling Jaya, 2 units in Eco Business Park, Puncak Alam, 1 operational office in Pengerang, Johor and 1 operational office in Miri, Sarawak.

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

Our finance cost increased by RM0.54 million or 83.10% to RM1.18 million in FYE 2022 (FYE 2021: RM0.65 million), mainly due to the increase in interest expense for trust receipts. The interest expense for trust receipts increased by RM0.28 million which was mainly attributed to the higher interest rate and higher drawdown of trust receipts in FYE 2022. In addition, interest expense on receivable finance interest increased by RM0.10 million mainly attributed to the higher drawdown in FYE 2022 for working capital purposes.

FYE 2023 compared to FYE 2022

Our finance cost increased by RM0.31 million or 25.83% to RM1.49 million in FYE 2023 (FYE 2022: RM1.18 million), mainly attributed to the increase in interest expense for trust receipts and bankers' acceptances which collectively increased by RM0.45 million. This was mainly attributed to the higher interest rate for trust receipts and higher drawdown of bankers' acceptances in FYE 2023 for working capital purposes.

The increase was partially moderated by the lower interest expense on term loan by RM0.11 million which was mainly attributed to the higher repayment of term loan in FYE 2023.

FPE 2024 compared to FPE 2023

Our finance cost decreased by RM0.15 million or 13.02% to RM1.00 million in FPE 2024 (FPE 2023: RM1.14 million), mainly due to the decrease in interest expense for trust receipts. The interest expense for trust receipts decreased by RM0.32 million which was mainly attributed to the repayment of trust receipts during FPE 2024. The decrease was partially offset by the increased interest expense for banker's acceptance by RM0.18 million, mainly due to higher drawdown of bankers' acceptances in FPE 2024.

12.3.10 PBT, PAT and effective tax rate

Our PBT, PAT and effective tax rate for the Financial Periods Under Review are set out below:

	<-----Audited----->			Unaudited	Audited
	FYE 2021	FYE 2022	FYE 2023	FPE 2023	FPE 2024
PBT (RM'000)	12,331	23,696	41,378	34,397	14,412
PBT margin	12.88%	16.25%	20.82%	26.16%	11.03%
Total taxation (RM'000)	3,241	6,906	10,762	9,177	3,915
Effective tax rate	26.28%	29.14%	26.01%	26.68%	27.16%
PAT (RM'000)	9,090	16,790	30,616	25,220	10,497
PAT margin	9.50%	11.51%	15.40%	19.18%	8.03%

FYE 2022 compared to FYE 2021

Our PBT increased by RM11.37 million or 92.17% to RM23.70 million in FYE 2022 (FYE 2021: RM12.33 million), while PBT margin improved from 12.88% in FYE 2021 to 16.25% in FYE 2022. Similarly, our PAT increased by RM7.70 million or 84.71% to RM16.79 million in FYE 2022 (FYE 2021: RM9.09 million), while PAT margin improved from 9.50% in FYE 2021 to 11.51% in FYE 2022.

12. FINANCIAL INFORMATION (CONT'D)

The improvement in PBT and PAT was mainly attributed to the improvement in GP arising from higher revenue of 52.33% in FYE 2022 mainly contributed by our manufacturing segment and trading and related support services segment as well as increase in other income in FYE 2022. Please refer to Section 12.3.2 of this Prospectus for further details on our revenue growth and Section 12.3.5 this Prospectus for further details on our other income.

For FYE 2021, our effective tax rate was 26.28%, which was higher than the statutory tax rate of 24.00%, mainly due to the under provision of tax for FYE 2020. For FYE 2022, our effective tax rate was 29.14%, which was higher than the statutory tax rate of 24.00%, mainly due to the net non-deductible expenses comprising provision of tax compound, provision for slow-moving stocks, legal and professional fees including listing expenses.

FYE 2023 compared to FYE 2022

Our PBT increased by RM17.68 million or 74.62% to RM41.38 million in FYE 2023 (FYE 2022: RM23.70 million), while PBT margin improved from 16.25% in FYE 2022 to 20.82% in FYE 2023. Similarly, our PAT increased by RM13.83 million or 82.35% to RM30.62 million in FYE 2023 (FYE 2022: RM16.79 million), while PAT margin improved from 11.51% in FYE 2022 to 15.40% in FYE 2023.

The improvement in PBT and PAT was mainly attributed to the improvement in GP arising from higher revenue of 36.32% in FYE 2023 mainly contributed by our manufacturing segment and trading and related support services segment as well as increase in other income in FYE 2023. Please refer to Section 12.3.2 of this Prospectus for further details on our revenue growth and Section 12.3.5 this Prospectus for further details on our other income.

For FYE 2023, our effective tax rate was 26.01%, which was higher than the statutory tax rate of 24.00%, mainly due to the net non-deductible expenses comprising legal and professional fees including listing expenses, entertainment expenses and inventories written off.

FPE 2024 compared to FPE 2023

Our PBT decreased by RM19.99 million or 58.10% to RM14.41 million in FPE 2024 (FPE 2023: RM34.40 million), while, our PBT margin declined from 26.16% in FPE 2023 to 11.03% in FPE 2024. Similarly, our PAT decreased by RM14.72 million or 58.38% to RM10.50 million in FPE 2024 (FPE 2023: RM25.22 million), while our PAT margin declined from 19.18% in FPE 2023 to 8.03% in FPE 2024.

The decrease in PBT and PAT was mainly attributed to the increase in other expenses and impairment loss on financial assets arising from the higher loss on foreign exchange arising from trade collections and payments that were transacted in USD, increase of administrative expenses as well as selling and distribution expenses. The decrease was also partly attributed to the lower other income which was mainly due to the lower gain on currency exchange.

For FPE 2024, our effective tax rate was 27.16%, which was higher than the statutory tax rate of 24.00%, mainly attributed to the unrealised on foreign exchange as well as loss from Sumisaujana arising from net non-deductible expenses comprising legal and professional fees in relation to our Listing.

12. FINANCIAL INFORMATION (CONT'D)**12.3.11 Significant factors materially affecting our operations and financial results**

The significant factors affecting our operations and financial results are set out below:

(i) Dependency on certain major customers

We are dependent on certain major customers, namely Customer A, Baker Hughes group, Petronas group and Customer B who collectively accounted for 75.70% (RM72.47 million), 81.87% (RM119.38 million), 94.09% (RM187.05 million) and 78.17% (RM102.16 million) of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. Please refer to Section 7.17 of this Prospectus for further details on our major customers.

There is no assurance that we will be able to continue to retain them as a customer or maintain or increase the level of sales that we have with them. Any adverse changes to our business relationship with our major customers such as reduction or cancellation of orders or termination of relationship may lead to an adverse impact on our business and financial performance as we may not be able to secure new customers promptly to replace the loss of sales from our major customers. Furthermore, even if we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales and/or maintain or improve our profit margin. If any such adverse events occur, our financial performance will be adversely affected. Please refer to Section 5.1.1 of this Prospectus for further details on the risk in relation to our dependency on certain major customers.

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12. FINANCIAL INFORMATION (CONT'D)

(ii) Impact on foreign exchange

We are exposed to foreign exchange fluctuations mainly USD and EUR arising from our export sales and imported purchases of input materials.

Our revenue transacted in MYR and USD are set out below:

	<-----FYE 2021----->		<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Revenue	95,725	100.00	145,817	100.00	198,783	100.00	130,706	100.00
USD	63,766	66.61	98,225	67.36	137,268	69.05	104,196	79.72
MYR	31,959	33.39	47,592	32.64	61,515	30.95	26,510	20.28

Our purchases transacted in MYR, USD, EUR and SGD are set out below:

	<-----FYE 2021----->		<-----FYE 2022----->		<-----FYE 2023----->		<-----FPE 2024----->	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Purchases	60,982	100.00	73,336	100.00	111,393	100.00	55,447	100.00
MYR	27,637	45.32	30,633	41.77	49,927	44.82	30,178	54.43
USD	33,345	54.68	42,703	58.23	34,476	30.95	17,669	31.87
EUR	-	-	-	-	26,933	24.18	7,600	13.70
SGD	-	-	-	-	57	0.05	-	-

We also hold cash and bank balances dominated in foreign currencies for working capital purposes. The currency profile of our cash and bank balances is as set out below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
USD	3,362	7,869	6,302	9,184
MYR	3,467	16,003	3,982	3,184
EUR	-	-	-	42
Total	6,829	23,872	10,284	12,410

12. FINANCIAL INFORMATION (CONT'D)

Details of our foreign currency exchange gains and losses are set out below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Realised gain on foreign currency exchange	-	2,054	4,920	-
Realised loss on foreign currency exchange	(461)	(1,138)	(1,759)	(2,703)
Net realised (loss)/gain on foreign currency exchange	(461)	916	3,161	(2,703)
Unrealised gain on foreign currency exchange	980	-	1,274	-
Unrealised loss on foreign currency exchange	-	(493)	(1,904)	(4,173)
Net unrealised gain/(loss) on foreign currency exchange	980	(493)	(630)	(4,173)
Net gain/(loss) on foreign currency exchange	519	423	2,530	(6,876)

Please refer to Note 28 of the Accountants' Report as set out in Section 13 of this Prospectus for further details on the foreign currency exchange gains and losses.

As at the LPD, we maintain bank accounts in RM, USD and EUR, such that collections can be used to settle payments of the same currency where possible. We have some form of natural hedging with respect to the USD as we generate revenue and make purchases that are dominated in USD. This is to a certain extent provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks.

Our Group exposure to foreign currency risk mainly USD and EUR based on carry amounts as at the end of the reporting period as set out below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
<u>USD</u>				
Financial assets	19,419	41,162	43,392	46,659
Financial liabilities	7,116	13,360	14,199	843
Net financial assets	12,303	27,802	29,193	45,816
<u>EUR</u>				
Financial assets	-	-	-	42
Financial liabilities	-	-	26,553	5,704
Net financial assets	-	-	(26,553)	(5,662)

Please refer to Note 38.1 of the Accountants' Report as set out in Section 13 of this Prospectus for further details on our Group's exposure to foreign currency risk.

12. FINANCIAL INFORMATION (CONT'D)

The following table demonstrates the sensitivity analysis of our PAT to a reasonably change in foreign currency mainly USD and EUR within our Group, with all other variables held constant:

Effects on PAT	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
USD/RM				
Strengthen by 5% ⁽¹⁾	468	1,056	1,109	1,741
Weaken by 5% ⁽¹⁾	(468)	(1,056)	(1,109)	(1,741)
EUR/RM				
Strengthen by 5% ⁽²⁾	-	-	(1,009)	(215)
Weaken by 5% ⁽²⁾	-	-	1,009	215

Please refer to Note 38.1(a) of the Accountants' Report as set out in Section 13 of this Prospectus for further details on foreign currency risk sensitivity analysis.

Notes:

- (1) For illustrative purpose, in FYE 2021, the net exposure of net financial assets which are denominated in USD equivalent to RM12.30 million will result in a positive impact of RM0.47 million on the PAT if the USD strengthen against the RM by 5%. Conversely, if the USD weaken against RM by 5% there will be a negative impact of RM0.47 million on the PAT.
- (2) For illustrative purpose, in FYE 2023, the net exposure of net financial liabilities which are denominated in EUR equivalent to RM26.55 million will result in a negative impact of RM1.01 million on the PAT if the EUR strengthen against the RM by 5%. Conversely, if the EUR weaken against RM by 5% there will be a positive impact of RM1.01 million on the PAT.

As at the LPD, we have entered into a forward exchange contract to hedge against foreign currency movements for EUR and USD. Any unfavourable fluctuations of foreign exchange rates between USD, EUR and RM may result in a net loss on our Group's foreign currency exchange, which may negatively impact on our profitability where our PBT may be reduced. Please refer to Section 5.1.2 of this Prospectus for the risk in relation to exposure to foreign currency exchange fluctuations.

(iii) Risk of third-parties manufacturers offering the same or similar formulation of O&G specialty chemicals as most of our formulated and manufactured products are not patented

The O&G specialty chemicals manufactured by us are mainly based on our formulations. Revenue from our in-house formulated O&G specialty chemicals accounted for 86.24%, 80.20%, 72.27% and 75.04% of our total revenue for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

As at the LPD, we have obtained approval from the United States Patent and Trademark Office and Intellectual Property Corporation of Malaysia for the registration of 5 patents for our O&G production chemical namely sand agglomeration. The rest of our in-house formulated O&G specialty chemicals are not patented, and as such are not legally protected from third-parties duplicating or formulating similar products. In view of the above, there is no assurance that our formulas may not be copied and subsequently the copied products sold to our existing or potential customers may adversely affect our operations and financial performances. Please refer to Section 5.1.3 of this Prospectus for further details on the risk in relation to third-parties manufacturers offering the same or similar formulation of O&G specialty chemicals.

12. FINANCIAL INFORMATION (CONT'D)**(iv) Customers' demand for our products and services**

Our business performance is dependent on customers' demand for our products and services which is based on purchase orders or work orders issued by customers. Our subsisting agreements with certain of our major customers that are in the form of master supply agreement that commonly set out the general terms and conditions of our provision services and supply of products with validity periods. These contracts do not oblige our customers to place purchase orders with us. Our customers may, however, place purchase orders periodically or on an ad-hoc basis which will serve as the agreements for the purchase of products and/or services. In this respect, these contracts do not provide any assurance of future revenue as there is no guarantee that the customer will issue purchase orders during the duration of the contract validity period. Please refer to Section 5.1.6 of this Prospectus for further details on the risk in relation to our subsisting agreements with some customers.

(v) Cost fluctuations due to the price increases of our input materials

As we are principally involved in the manufacturing of O&G specialty chemicals, input materials costs constituted the largest component of our cost of sales which accounted for 77.07% (RM51.56 million), 73.47% (RM68.88 million), 76.43% (RM100.08 million) and 75.60% (RM64.47 million) of our total cost of sales for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. We face risk of increases in our cost for the manufacture of our O&G specialty chemicals which may arise from increase in prices of input materials from our suppliers. This may be affected by various factors such as macroeconomic and microeconomic factors, fluctuation in freight rates, disasters, riots, war, terrorist attack or outbreak of epidemic or pandemic.

Increase in cost of input materials will eventually require us to increase our selling prices, which may reduce our competitiveness in the market and affect our ability to retain customers and/or secure new orders. If we are unable to remain competitive, this would adversely affect our revenue and financial performance. Alternatively, if we were to absorb some of these costs to stay competitive, it may reduce our profit margins.

(vi) Our business operations and financial performance may be affected by a prolonged or resurgence of the COVID-19 pandemic or emergency of other epidemics or pandemics

The spread or outbreak of the COVID-19 or any other contagious or virulent diseases may potentially affect our business operations. Our business operations were affected due to various COVID-19 pandemic containment measures between 2020 and 2021. Please refer to Section 7.14 and Section 5.1.13 of this Prospectus for further details on the impact of COVID-19 to our Group.

(vii) Impact of interest rate

All our borrowings are interest-bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on trust receipts, term loans, bankers' acceptances, revolving facility and bank overdrafts that are granted by banks and financial institutions. As at 30 September 2024, our total bank borrowings were RM27.55 million, all our bank borrowings are interest bearing including RM23.93 million which are floating rate borrowings. We incurred finance cost of RM0.65 million, RM1.18 million, RM1.49 million and RM1.00 million for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively. Our interest coverage ratio for the Financial Periods Under Review were 20.12 times, 21.06 times, 28.85 times and 15.48 times for FYE 2021, FYE 2022, FYE 2023 and FPE 2024 respectively.

12. FINANCIAL INFORMATION (CONT'D)

In this respect, any increase in draw down of borrowings and/or interest rates may impact our financial performance. If we fail or encounter difficulties in meeting our financial obligations when they fall due, this will result in a financial distress condition which will affect our operations and financial performance. For the Financial Periods Under Review and up to the LPD, we have not defaulted on any payments of either the principal or interests in relation to our borrowings.

(viii) Impact of inflation

The business, financial condition or results of our operations for the Financial Periods Under Review were not materially affected by the impact of inflation. The average unit costs of input material increased by 69.16%, 16.30% and 22.90% in FYE 2022, FYE 2023 and FPE 2024 respectively. This was mainly attributed to the rising cost of imported materials. Any sustained price increases of our input materials may affect our financial performance if we are unable to pass the cost increases to our customers, or if we were to pass the cost increases, our customers may purchase lower volumes of our products.

For the Financial Periods Under Review, despite the increase in average unit costs of input materials, we continued to achieve positive GP margin of 30.11% (FYE 2021), 35.70% (FYE 2022), 34.13% (FYE 2023) and 34.76% (FPE 2024). Please refers to Section 12.3.4 of this Prospectus on the year-on-year analysis of our GP and GP margin. Nevertheless, there can be no assurance that future inflation would not have an impact on our business operations and financial performance.

(ix) Changes in political, economic, social, market and regulatory considerations and the occurrence of force majeure events

Our business is subject to developments in the political, economic, social, market and regulatory conditions in Malaysia or foreign markets that we served which could adversely affect our business operations and financial performance. Increasing volatility in financial markets may also cause these factors to change with a greater degree of frequency and magnitude. Unfavourable developments in the socio-political environment in Malaysia and/or the foreign markets that we serve may materially and adversely affect our business operations, financial performance and prospects. Please refer to Section 5.2.3 of this Prospectus for further details on the risk in relation to economic, social, political, regulatory, environmental and outbreak of diseases risks and the occurrence of force majeure events.

12.3.12 Liquidity and capital resources

(i) Working capital

Our business operations are financed by a combination of both internal and external sources of funds. Internal sources of funds comprised shareholders' equity and cash generated from our operations, while external sources were mainly banking facilities from financial institutions. The utilisation of these funds were used for our business operations and growth.

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

- (a) cash and cash equivalent (excluding fixed deposits pledged with licensed banks) of RM20.65 million; and
- (b) working capital of RM62.57 million, being the difference between current assets of RM98.86 million and current liabilities of RM36.29 million.

12. FINANCIAL INFORMATION (CONT'D)

As at 30 September 2024, our gearing ratio was 0.34 times and current ratio was 2.72 times. As at the LPD, we have available banking facilities (comprising term loan, trust receipts, bankers' acceptance, Islamic revolving facility, receivable factoring and trade line) amounting to RM87.60 million, of which RM70.93 million has yet to be utilised.

After taking into consideration the funding requirements for our committed capital expenditures, our strategies and plans as set out in Section 7.19 of this Prospectus, our existing level of cash and bank balances and deposits with licensed banks, credit facilities available for utilisation, expected cash flows to be generated from our operations and the estimated net proceeds from the Public Issue, our Board is of the view that we have sufficient working capital for 12 months from the date of this Prospectus.

(ii) Cash flow

Our cash flow for the Financial Periods Under Review based on our audited combined financial statements which should be read in conjunction with the Accountants' Report included in Section 13 of this Prospectus, is set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Net cash (for)/from operating activities	(3,627)	16,951	25,282	12,954
Net cash for investing activities	(2,437)	(1,280)	(5,777)	(4,822)
Net cash (for)/from financing activities	(357)	1,601	(19,055)	(10,455)
Net (decrease)/increase in cash and cash equivalents	(6,420)	17,272	450	(2,323)
Effect of exchange rate fluctuations on cash held	604	(229)	(268)	(1,077)
Cash and cash equivalents at the beginning of the financial year/period	12,645	6,829	23,872	24,054
Cash and cash equivalent at end of the financial year/period⁽¹⁾	6,829	23,872	24,054	20,654

Note:

(1) The components of our cash and cash equivalents are set out below:

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Cash and bank balances	6,829	23,872	10,284	12,410
Fixed deposits placed with licensed banks	-	-	14,770	10,944
	6,829	23,872	25,054	23,354
Less: Fixed deposit pledged to licensed banks	-	-	1,000	2,700
Total	6,829	23,872	24,054	20,654

12. FINANCIAL INFORMATION (CONT'D)

As at the LPD, all of our cash and cash equivalents are held in RM, USD and EUR. Save for any applicable financial covenants and the Act, and subject to the availability of distributable profits and reserves, there are no legal, financial or economic restrictions on our Subsidiary's ability to transfer funds to our Company in the form of cash dividends, loans or advances.

(a) Net cash (for)/from operating activities**FYE 2021**

For FYE 2021, our net cash for operating activities was RM3.63 million after taking into account the following:

- increase of RM10.82 million in trade and other receivables which was mainly attributed to higher trade receivables arising from higher sales for the O&G specialty chemicals at the end of FYE 2021. This was also reflected in the revenue growth of 62.56% to RM28.23 million in the 4th quarter of FYE 2021 compared to RM17.37 million in the 4th quarter of FYE 2020;
- increase of RM9.97 million in inventories which was mainly attributed to higher purchases of input materials during the FYE 2021 for our subsequent and planned production. This was also reflected in the higher purchases of input materials increased by RM19.63 million to RM60.98 million in FYE 2021 compared to RM41.36 million in FYE 2020;
- increase of RM7.18 million in trade and other payables which was mainly attributed to higher outstanding balances of amount owing to suppliers of input materials resulting from higher purchases at the end of FYE 2021.

The increase was also partly attributed to higher other payables pertaining to RM1.17 million of amount being made on behalf by a third-party for the subscription of shares in the joint venture investment in Indonesia. The outstanding amount was subsequently settled in January 2023.

In addition, there was higher amount owing to suppliers of packaging materials and sales commissions owing to third-parties in FYE 2021;

- increase of RM0.46 million in amount owing by a former related companies pertaining to the sales of chemicals to TCM Chemicals Inc and Quadchem Sdn Bhd. In July 2021, the said amount owed has been settled; and
- decrease of RM0.20 million in contract liabilities attributed to the deposits/down payments received from customers in FYE 2020 that was subsequently knocked-off against billings in FYE 2021.

In FYE 2021, we recorded a negative cashflow of approximately RM3.63 million for operating activities which mainly attributed to higher cash outflow to trade suppliers for the purchase of raw materials as we secure input materials for our subsequent planned production. This was also reflected in the increase in the purchases of input materials including alkaline compound, fatty acid and base oil in FYE 2021.

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

For FYE 2022, our net cash from operating activities was RM16.95 million after taking into account the following:

- increase of RM19.21 million in trade and other receivables mainly attributed to higher trade receivables driven by higher billings for the sales of O&G specialty chemicals at the end of FYE 2022. This was reflected in the revenue growth of 126.82% to RM64.03 million in the 4th quarter of FYE 2022 compared to RM28.23 million in the 4th quarter of FYE 2021;
- increase of RM5.65 million in inventories mainly attributed to higher purchases of input materials for our subsequent and planned production, which was also reflected in the increase in purchases by 20.26% in FYE 2022;
- increase of RM14.76 million in trade and other trade payables mainly attributed to the higher accrued expenses including bonus payables and related expenses. As at 31 December 2022, the accruals were higher at RM11.30 million compared to RM2.54 million as at 31 December 2021. In addition, there was a provision of tax compound of RM1.10 million pertaining to tax matters which had subsequently reversed in FYE 2023. Please refer to Section 7.26 of this Prospectus for further details on the tax compound.

The increase was also partly attributed to higher outstanding balances of amount owing to suppliers of input materials resulting from higher purchases. This was also reflected in the increase of purchases of input materials by RM12.35 million or 20.26% to RM73.34 million in FYE 2022 compared to RM60.98 million in FYE 2021;

- increase of RM0.36 million in contract liabilities mainly attributed to deposits/down payments received from customers; and
- decrease of RM1.91 million in amount owing by related companies and a corporate shareholder attributed to repayments from TCM Chemicals Inc and Quadchem Sdn Bhd on the amount owing. The said amount owing has been settled in April 2022 and September 2022 respectively.

FYE 2023

For FYE 2023, our net cash from operating activities was RM25.28 million after taking into consideration the following:

- increase of RM29.49 million in trade and other receivables which was mainly attributed to higher trade receivables arising from higher billings to customers at the end of FYE 2023. This was reflected in the revenue growth of 5.10% to RM67.30 million in the 4th quarter of FYE 2023 compared to RM64.03 million in the 4th quarter of FYE 2022;
- increase in inventories of RM6.61 million which was mainly attributed to higher purchases of input materials for our subsequent and planned production, which was also reflected in the increase in purchases by 51.89% in FYE 2023;

12. FINANCIAL INFORMATION (CONT'D)

- increase of RM23.86 million in trade and other payables which was mainly attributed to higher trade payables arising from higher purchases of input materials towards the end of FYE 2023; and
- decrease in contract liabilities of RM0.08 million which was mainly attributed to deposits/down payments received from customers.

FPE 2024

For FPE 2024, our net cash from operating activities was RM12.95 million after taking into consideration the following:

- decrease of RM38.52 million in trade and other payables which was mainly due to lower accruals of bonus payments, sales commissions and statutory contribution in FPE 2024;
- decrease of RM32.61 million in trade and other receivables which was mainly attributed to lower trade receivables arising from lower billings for the O&G specialty chemicals at the end of FPE 2024;
- decrease of RM9.26 million in inventories which was mainly due to lower inventories of the finished goods and goods-in-transit;
- increase of RM4.51 million in contract assets which was mainly for goods and services delivered but not yet billed as at the reporting date; and
- decrease of RM0.28 million in contract liabilities which was mainly attributed to the deposits and down payments received from customers in FYE 2023 that was subsequently knocked-off against billings in FPE 2024.

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

In FYE 2021, our net cash for investing activities was RM2.44 million. This was mainly attributed to RM4.06 million used to fund the total purchase of RM4.46 million of plant and equipment while the remaining RM0.40 million was funded through bank borrowings. The purchase of plant and equipment comprising:

- RM1.27 million for the purchase of plant and machinery mainly for the installation of 20 units of corrosion monitoring system for pipeline for the production floor;
- RM1.40 million for the purchase of 2 blend tanks;
- RM0.55 million for the purchase of motor vehicles; and
- RM1.24 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings as well as computer and office equipment.

12. FINANCIAL INFORMATION (CONT'D)

This was partially offset by RM1.03 million from the uplifting of fixed deposits with tenure more than 3 months with licensed financial institution, and RM0.49 million of the government grant received from MATRADE under the Bumiputera Initiatives for Globalisation (B.I.G.) for the expansion of facilities in our Puncak Alam Factory.

In addition, there was RM0.11 million of proceeds from the disposal of plant and machinery mainly forklifts as well as computer and office equipment.

FYE 2022

In FYE 2022, our net cash for investing activities was RM1.28 million. This was mainly attributed to RM1.57 million which was used to fund the purchase of plant and equipment comprising:

- RM0.55 million for the purchase of computer software;
- RM0.42 million for the purchase of plant and machinery including 5 units of International Standard Organisation standard tanks and a rotary lobe pump system for our production floor; and
- RM0.60 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings, laboratory equipment, storage facilities as well as computer and office equipment.

This was partially offset by the RM0.28 million of government grants received from TERAJU.

FYE 2023

In FYE 2023, our net cash for investing activities was RM5.78 million. This was mainly attributed to RM4.76 million used to fund the total purchase of RM4.96 million of plant and equipment while the remaining RM0.20 million was funded through bank borrowings. The purchase of plant and equipment comprising:

- RM1.63 million for the purchase of plant and machinery including waste water treatment system, thermal oil cooling system panel, water pump and electrical heat trace cable;
- RM1.23 million for the purchase of laboratory equipment including linear polarisation resistance bubble test system, viscometer, rotating cylinder and roller oven;
- RM1.86 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings as well as storage facilities; and
- RM0.24 million for the purchase of motor vehicles.

In addition, there was RM0.02 million used for the purchase of intangible asset pertaining to carbon credit as well as a placement of fixed deposits with licensed bank amounting to RM1.00 million.

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

For FPE 2024, our net cash for investing activities was RM4.82 million. This was mainly attributed to RM4.42 million used to fund the total purchase of RM10.95 million of plant and equipment while the remaining of RM6.53 million was funded through bank borrowing. The purchase of plant and equipment comprising:

- RM7.11 million for the purchase of plant and machinery including reactors, blend tank, thermal oil heater, condenser for reactor, cooling water system, scrubber system, thermal oil cooling system, storage tank, product pump and autofill machine;
- RM1.39 million for the purchase of laboratory equipment including mainly side stream assembly kits, analysers, viscometer and carbon dioxide gas supplying systems;
- RM1.04 million for the purchase of motor vehicles; and
- RM0.98 million for others such as the renovation, furniture and fittings for our office in Miri, Sarawak and purchase of laptops and signboard.

In addition, there was a placement of fixed deposits pledged with licensed bank amounting to RM1.70 million. This was partially offset by RM1.25 million of the government grant received from the MATRADE.

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

For FYE 2021, our net cash for financing activities was RM0.36 million. This was mainly attributed to the following:

- RM5.00 million of dividend payments to our substantial shareholders, namely Atreon and TCM Chemicals Inc in relation to the dividend which was declared during FYE 2020 and subsequently paid in FYE 2021. TCM Chemicals Inc disposed its entire 40.00% equity interest in SSTCM to Atreon on 21 March 2022 and ceased to be our shareholder;
- RM1.11 million used for the repayments for lease liabilities pertaining to rental payments for our manufacturing and operational facilities;
- RM0.88 million used for the net repayments of term loans for the purchase of equipment for our manufacturing operations and working capital; and
- RM0.21 million used for the net repayments of hire purchases for motor vehicles.

12. FINANCIAL INFORMATION (CONT'D)

The net cash used in financing activities was partially offset by cash of RM6.83 million from the net drawdown of bank borrowings for working capital purposes, comprising RM2.67 million from trust receipts, RM2.17 million from Islamic revolving facility and RM1.99 million from bankers' acceptances.

FYE 2022

In FYE 2022, our net cash from financing activities was RM1.60 million. This was mainly attributed to cash of RM6.65 million from the net drawdown of bank borrowings for working capital purposes, comprising mainly RM3.02 million from trust receipts, RM2.56 million from receivable factoring and RM1.04 million from Islamic revolving facility.

The net cash from financing activities was partially offset by the following:

- RM2.00 million of dividend payments to our substantial shareholder, namely Atreon in relation to the dividend declared during FYE 2022;
- RM1.86 million used for the net repayments for lease liabilities pertaining to rental payments for our manufacturing and operational facilities;
- RM0.89 million used for the net repayments of term loans for the purchase of equipment for our manufacturing operations and working capital; and
- RM0.28 million used for the net repayments of hire purchases for motor vehicles.

FYE 2023

In FYE 2023, our net cash for financing activities was RM19.05 million. This was mainly attributed to the following:

- RM19.00 million of dividend payments to our substantial shareholder, namely Atreon in relation to the dividend declared during FYE 2022 and FYE 2023;
- RM3.96 million used for the net repayment of Islamic revolving facilities for working capital purposes to purchase of input materials;
- RM2.56 million used for the net repayment of lease liabilities pertaining to the rental payments for our manufacturing and operational facilities;
- RM1.32 million used for the net repayment of term loans for the purchase of equipment for our manufacturing operations and working capital; and
- RM0.26 million used for the net repayments of hire purchases for motor vehicles.

The net cash used for financing activities was partially offset by the net drawdown of RM8.04 million of bank borrowings for working capital purposes, comprising RM7.29 million of bankers' acceptances and RM0.75 million of trust receipts.

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

For FPE 2024, our net cash for financing activities was RM10.45 million. This was mainly attributed to the following:

- dividend paid amounting to RM8.00 million to our substantial shareholder, namely Atreon in relation to the dividend declared during FYE 2023;
- net repayment of bank borrowings for working capital purposes, comprising mainly RM7.80 million for the repayment of trust receipts, RM2.35 million for the repayment of receivables financing, and RM0.22 million for the repayment of term loans;
- RM2.22 million used for the net repayment of lease liabilities pertaining to the rental payment for our manufacturing and operational facilities; and
- RM0.34 million for the repayment of hire purchase for motor vehicles.

The net cash used in financing activities was partially offset by the drawdown of bank borrowings for working capital purposes, comprising RM10.54 million of bankers' acceptance.

(iii) Bank borrowings

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

Type of borrowings	<-----As at 30 September 2024----->		
	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Bankers' acceptances ⁽¹⁾	20,515	-	20,515
Term loans ⁽²⁾	614	3,187	3,801
Hire purchase ⁽³⁾	710	2,522	3,232
Total	21,839	5,709	27,548
Gearing ratio⁽⁴⁾	0.34		

Notes:

- (1) Bankers' acceptances were mainly used for working capital purposes.
- (2) Term loans were mainly used for working capital purposes.
- (3) Hire purchase to fund the purchase of motor vehicles.
- (4) Based on interest-bearing bank borrowings over total equity.

12. FINANCIAL INFORMATION (CONT'D)

The currency profile of our bank borrowings as at 30 September 2024 are set out below:

	<-----As at 30 September 2024----->		
	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
RM	21,839	5,709	27,548
USD	-	-	-
Total	21,839	5,709	27,548

As at 30 September 2024, all our bank borrowings are interest bearing including RM23.93 million which are floating rate borrowings. The maturity profile and average interest rates of our bank borrowings as at 30 September 2024 are set out below:

		<-----As at 30 September 2024----->			
	Average interest rates	Within 1 Year RM'000	1-5 Years RM'000	Over 5 Years RM'000	Total RM'000
Bankers' acceptances	3.63% - 3.74%	20,515	-	-	20,515
Term loans	3.50% - 7.50%	614	2,092	1,095	3,801
Hire purchase	3.39% - 6.50%	710	2,522	-	3,232
Total		21,839	4,614	1,095	27,548

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

We do not encounter any seasonality in our borrowings trend and there is no restriction on our committed facilities.

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

12.3.13 Treasury policies and objectives

Our Group's operations have been funded by shareholders' equity and cash generated from our operations as well as external sources of funds. The external sources of funds mainly include banking facilities from licensed financial institutions. The normal credit terms granted by our suppliers range from 30 to 90 days.

As at the LPD, our Group's banking facilities from licensed financial institutions mainly consists of the following:

- trust receipts, bankers' acceptances, Islamic revolving facility, receivable factoring and trade line used for working capital purposes;
- term loans mainly used for working capital purposes for our manufacturing activities; and
- hire purchase for the purchase of motor vehicles and equipment.

12. FINANCIAL INFORMATION (CONT'D)

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transaction. As at the LPD, our Group has available banking facilities (comprising term loan, trust receipts, bankers' acceptance, Islamic revolving facility, receivable factoring and trade line) amounting to RM87.60 million, of which RM70.93 million has yet to be utilised.

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

12.3.14 Financial instruments for hedging purposes

In the ordinary course of business, we deal with customers and suppliers from domestic markets including Malaysia and foreign markets, where transactions are denominated in either RM as well as foreign currencies mainly USD and EUR. We also maintain bank accounts in RM, USD and EUR such that collections can be used to settle payments of the same currency where possible. We have some form of natural hedging with respect to the USD as we generate revenue and make purchases that are dominated in USD. To a certain extent, this provides a natural hedge against fluctuations in the foreign exchange and mitigates our exposure to foreign exchange risks. As at the LPD, we have entered into a forward exchange contract to hedge against foreign currency movements for EUR and USD.

12.3.15 Material litigation and contingent liabilities**(i) Material litigation, claims or arbitration**

Our Group is not engaged in any material litigation, claims or arbitration either as plaintiff or defendant and does not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially or adversely affect our position or profitability, in the 12 months immediately preceding the date of this Prospectus.

(ii) Contingent liabilities

As at the LPD, we do not have any contingent liabilities, which upon becoming enforceable, may have substantial impact on the financial position of our Group.

12.3.16 Material commitment for capital expenditure

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

	<-----Source of funds----->		
	Capital commitment RM'000	Internally generated funds/bank borrowings RM'000	Proceeds from the Public Issue RM'000
Approved and contracted for:			
• Expansion of Puncak Alam Factory	18,900 ⁽¹⁾	-	18,900
• New corporate office and facilities	40,200	-	40,200

12. FINANCIAL INFORMATION (CONT'D)

		<-----Source of funds----->	
	Capital commitment RM'000	Internally generated funds/bank borrowings RM'000	Proceeds from the Public Issue RM'000
Approved but not contracted for:			
• Expansion of Puncak Alam Factory	1,500 ⁽¹⁾	-	1,500
• New corporate office and facilities	11,700	11,120	580
• Establish a new R&D laboratory	8,650	1,030	7,620
Total	80,950	12,150	68,800

Note:

- (1) The total estimated cost for the expansion of Puncak Alam Factory is RM21.00 million, comprising the acquisition of Puncak Alam Factory of RM19.50 million and the purchase and installation of Solar PV system at the existing Puncak Alam Factory of RM1.50 million. As at the LPD, we have incurred RM0.60 million being paid as a deposit for the acquisition of the Puncak Alam Factory.

12.3.17 Capital expenditure and divestitures**Capital expenditure**

Our capital expenditures for the Financial Periods Under Review and up to the LPD are set out below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	1 October 2024 and up to the LPD RM'000
Capital work-in-progress	1,400	547	57	6,641	1,096
Plant and machinery	1,274	418	1,631	630	4,911
Storage	273	231	48	77	-
Computer and office equipment	210	161	855	386	29
Renovation	317	121	475	562	521
Laboratory equipment	140	47	1,228	1,394	25
Furniture and fittings	293	36	409	160	4
Motor vehicles	547	-	239	1,040	-
Tools and equipment	5	6	4	26	14
Signboard	-	-	18	34	-
Total	4,459	1,567	4,964	10,950	6,600

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

For FYE 2021, our capital expenditure of RM4.46 million mainly comprised RM1.40 million for purchase of 2 blend tanks, RM1.27 million for the purchase of plant and machinery mainly for the installation of 20 units of corrosion monitoring system for pipeline for our production floor, RM0.55 million for the purchase of motor vehicles, RM1.24 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings, storage facilities as well as computer and office equipment.

FYE 2022

For FYE 2022, our capital expenditure of RM1.57 million mainly comprised RM0.55 million for the purchase of computer software, RM0.42 million for the purchase of plant and machinery mainly comprising 5 units of International Standard Organisation standard tanks and a rotary lobe pump for our production floor, RM0.60 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings, laboratory equipment, storage facilities as well as computer and office equipment.

FYE 2023

For FYE 2023, our capital expenditure of RM4.96 million mainly comprised RM1.63 million for the purchase of plant and machinery including waste water treatment system, thermal oil cooling system panel, water pump and electrical heat trace cable, RM1.23 million for the purchase of laboratory equipment including linear polarisation resistance bubble test system, viscometer, rotating cylinder and roller oven, RM1.86 million for others including renovation of our Puncak Alam Factory, purchase of furniture and fittings as well as storage facilities and RM0.24 million for the purchase of motor vehicles.

FPE 2024

For FPE 2024, our capital expenditure of RM10.95 million mainly comprised RM6.64 million for capital work-in-progress including plant and machinery including reactors, blend tank, thermal oil heater, condenser for reactor, cooling water system, scrubber system, thermal oil cooling system, storage tank, product pump and autofill machine.

1 October 2024 and up to the LPD

Between 1 October 2024 and up to the LPD, our capital expenditure of RM6.60 million mainly comprised RM4.91 million for the purchase of plant and machinery including reactors, blend tank, thermal oil heater, condenser for reactor, cooling water system, scrubber system, thermal oil cooling system, storage tank, product pump and autofill machine as well as RM1.10 million for capital work-in-progress including mainly load cell tanks and storage tanks.

12. FINANCIAL INFORMATION (CONT'D)**Capital divestitures**

Our capital divestitures for the Financial Periods Under Review and up to the LPD are set out below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024	1 October 2024 and up to the LPD
	RM'000	RM'000	RM'000	RM'000	RM'000
Capital work-in-progress	-	-	-	-	-
Plant and machinery	44	-	-	-	-
Storage	-	-	30	38	20
Computer and office equipment	4	-	-	-	-
Renovation	-	-	-	-	-
Laboratory equipment	-	-	4	-	-
Furniture and fittings	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Tools and equipment	-	-	-	-	-
Signboard	-	-	-	-	-
Total	48	-	34	38	20

For the Financial Periods Under Review and up to the LPD, we do not have any material capital divestitures.

FYE 2021

In FYE 2021, our capital divestitures of RM0.05 million mainly comprised the disposal of forklifts.

FYE 2022

There were no capital divestitures in FYE 2022.

FYE 2023

In FYE 2023, our capital divestitures of RM0.03 million mainly comprised the disposal of intermediate bulk containers and centrifuge.

FPE 2024

In FPE 2024, our capital divestitures of RM0.04 million mainly comprised the disposal of intermediate bulk containers.

1 October 2024 and up to the LPD

Between 1 October 2024 and up to the LPD, our capital divestitures of RM0.02 million mainly comprised the disposal of intermediate bulk containers.

12. FINANCIAL INFORMATION (CONT'D)**12.3.18 Key financial ratios**

Our key financial ratios for the Financial Periods Under Review are set out below:

	FYE 2021	FYE 2022	FYE 2023	FPE 2024
Average trade receivables turnover period (days) ⁽¹⁾	68	81	98	104
Average trade payables turnover period (days) ⁽²⁾	26	38	70	74
Average inventory turnover period (days) ⁽³⁾	114	110	94	104
Current ratio (times) ⁽⁴⁾	2.58	1.88	1.64	2.72
Gearing ratio (times) ⁽⁵⁾	0.25	0.29	0.30	0.34

Notes:

- (1) Based on average trade receivables as at the beginning and end of the respective financial years/period over total revenue of the respective financial years/period, and multiplied by 365 days or 274 days respectively.
- (2) Based on average trade payables as at the beginning and end of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365 days or 274 days respectively.
- (3) Based on average inventory as at the beginning and end of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365 days or 274 days respectively.
- (4) Based on current assets over current liabilities.
- (5) Based on total interest-bearing bank borrowings (including hire purchase payables) over total equity.

(i) Trade receivables turnover period

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Average trade receivables ⁽¹⁾	17,827	32,371	53,373	49,395
Revenue	95,725	145,817	198,783	130,706
Average trade receivables turnover period (days) ⁽²⁾	68	81	98	104

Notes:

- (1) Computed as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Opening trade receivables	12,000	23,654	41,087	65,659
Closing trade receivables	23,654	41,087	65,659	33,130
Average trade receivables	17,827	32,371	53,373	49,395

12. FINANCIAL INFORMATION (CONT'D)

- (2) Based on average trade receivables as at the beginning and end of the respective financial years/period over total revenue of the respective financial years/period, and multiplied by 365 days or 274 days respectively.

We generally deal with our customers on credit terms between 30 days to 90 days which are granted to our customers are assessed and approved by the management based on the internal credit assessment procedure.

Our average trade receivables turnover period increased from 68 days in FYE 2021 to 81 days in FYE 2022, mainly due to higher billings to customers arising from higher sales and shipments to customers at the end of FYE 2022, which is within the normal trade credit term. This was reflected in the increase in revenue by 92.88% to RM64.03 million in 4th quarter of FYE 2022 compared to RM33.20 million in 3rd quarter of FYE 2022.

For FYE 2023, our average trade receivables turnover period increased from 81 days in FYE 2022 to 98 days in FYE 2023, mainly attributed to past due amounts from certain major customers which had subsequently fully collected as at the LPD. The increase in trade receivables turnover period was also partly attributed to the higher billings to Petronas group for the supply of catalyst where amount had subsequently fully collected as at the LPD. As at 31 December 2023, the past due trade receivables were 21.47% of total trade receivables compared to 15.61% as at 31 December 2022.

Our average trade receivable turnover period was 104 days in FPE 2024, mainly attributed to past due amounts from certain major customers. As at 30 September 2024, the past due trade receivables were 27.85% of total trade receivables compared to 21.47% as at 31 December 2023.

As at 17 February 2025, we have collected RM29.58 million or 89.29% of the total trade receivables which were outstanding as at 30 September 2024.

The ageing analysis of our Group's trade receivables as at 30 September 2024 is set out below:

		<-----Past Due----->				
	Not past due RM'000	1-30 days RM'000	31-60 days RM'000	61-90 days RM'000	More than 90 days RM'000	Total RM'000
Trade receivables	24,233	5,716	82	1,442	1,657	33,130
% of trade receivables	73.15	17.25	0.25	4.35	5.00	100.00
Subsequent collections as at the LPD	22,259	5,627	82	112	1,503	29,583
Outstanding trade receivables as at the LPD net of subsequent collections	1,974	89	-	1,330	154	3,547
% of trade receivables net of subsequent collections	55.65	2.51	-	37.50	4.34	100.00

12. FINANCIAL INFORMATION (CONT'D)

As at the LPD, we have collected approximately RM29.58 million or 89.29% of the total trade receivables which were outstanding as at 30 September 2024. The balance outstanding of RM3.55 million was past due mainly due to past due amount owing from a customer. We have taken constant effort to collect the overdue outstanding amount through follow-up calls.

Notwithstanding the above, our Group will conduct evaluation of credit risk assessments such as payment track record and financial background, size of transactions, and length of business relationship to ensure such delays are mitigated thoroughly and does not increase unnecessarily and without diligent monitoring. In addition, our Board is of the view that the trade receivables turnover period is still manageable and will continuously monitor and constantly review our credit policies.

(ii) Trade payables turnover period

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Average trade payables ⁽¹⁾	4,812	9,774	24,945	22,933
Cost of sales	66,906	93,757	130,936	85,276
Average trade payables turnover period (days) ⁽²⁾	26	38	70	74

Notes:

(1) Computed as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Opening trade payables	1,882	7,742	11,805	38,085
Closing trade payables	7,742	11,805	38,085	7,780
Average trade payables	4,812	9,774	24,945	22,933

(2) Based on average trade payables as at the beginning and end of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365 days or 274 days respectively.

Generally, the normal credit terms granted by our suppliers range from 30 to 90 days credit.

Our average trade payables turnover period increased from 26 days in FYE 2021 to 38 days in FYE 2022, which is within the normal trade credit terms granted by our suppliers. This was mainly due to higher purchases at the end of FYE 2022. Furthermore, this was reflected in the higher purchases of input materials during FYE 2022, which increased by 20.26% to RM73.34 million in FYE 2022 (FYE 2021: RM60.98 million).

12. FINANCIAL INFORMATION (CONT'D)

Our average trade payables turnover period increased from 38 days in FYE 2022 to 70 days in FYE 2023, which is within the normal trade credit terms granted by our suppliers. This was mainly due to an amount owing to a supplier based in Denmark for the purchase of catalysts. There is a back-to-back payment arrangement with the said supplier where we usually made payment to supplier once we received the collections from a specific customer pertaining to the supply of catalysts. As at the LPD, we have settled the amount owing to the said supplier upon receiving the payment from the customer.

Our average trade payables turnover period was 74 days in FPE 2024, which was mainly attributed to the amount owing to our suppliers. As at 17 February 2025, we have settled RM5.71 million or 73.37% of the total trade payables which were outstanding as at 30 September 2024.

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

		<-----Past Due----->				
	Not past due RM'000	1-30 days RM'000	31-60 days RM'000	61-90 days RM'000	More than 90 days RM'000	Total RM'000
Trade payables	2,062	192	-	3,226	2,300	7,780
<i>% of trade payables</i>	26.50	2.47	-	41.47	29.56	100.00
Subsequent payments as at the LPD	1,833	192	-	1,383	2,300	5,708
Outstanding trade payables as at the LPD net of subsequent payments	229	-	-	1,843	-	2,072
<i>% of trade payables net of subsequent payments</i>	11.05	-	-	88.95	-	100.00

As at the LPD, we have settled approximately RM5.71 million or 73.37% of the total trade payables which were outstanding as at 30 September 2024.

Notwithstanding the above, there was no significant matter in dispute with respect to trade payables for the Financial Periods Under Review, neither was there any legal action initiated by any of our Group's suppliers to demand for payment for the Financial Periods Under Review and up to the LPD.

12. FINANCIAL INFORMATION (CONT'D)**(iii) Inventories**

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

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Average inventories ⁽¹⁾	20,948	28,366	33,896	32,313
Closing inventories	25,881	30,850	36,942	27,684
• <i>Raw materials</i>	17,038	19,990	13,997	16,691
• <i>Finished goods</i>	6,977	8,767	17,876	8,799
• <i>Work-in-progress</i>	445	296	1,004	1,626
• <i>Goods-in-transit</i>	953	1,694	3,394	177
• <i>Others</i> ⁽²⁾	468	103	671	391
Cost of sales	66,906	93,757	130,936	85,276
Average inventory turnover period (days) ⁽³⁾	114	110	94	104

Notes:

(1) Computed as follows:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Opening inventories	16,015	25,881	30,850	36,942
Closing inventories	25,881	30,850	36,942	27,684
Average inventories	20,948	28,366	33,896	32,313

(2) Others include packaging materials and consumables.

(3) Based on average inventory as at the beginning and end of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365 days or 274 days respectively.

Our inventory mainly comprises the following:

- input materials include fatty acid, alkaline compound, base oil, sulfiding agent, organic acid, solvent, cold flow improver and flocculant;
- finished goods mainly comprising O&G specialty chemicals that we manufactured as well as other chemicals for trading segment;
- work in progress include O&G specialty chemicals which are in the production stage; and
- others include packaging materials and consumables.

12. FINANCIAL INFORMATION (CONT'D)

Our average inventory turnover period decreased from 114 days in FYE 2021 to 110 days in FYE 2022, which was mainly attributed to higher cost of sales arising from the growth of our manufacturing segment where the revenue from this segment increased by 45.60% in FYE 2022. As at 31 December 2022, the closing inventory was RM30.85 million which was higher than RM25.88 million as at 31 December 2021 and this was mainly attributed to higher purchases of input materials for subsequent and planned production.

Our average inventory turnover decreased from 110 days in FYE 2022 to 94 days in FYE 2023, which was mainly attributed to higher cost of sales arising from the growth of our manufacturing segment and trading of O&G specialty and industrial chemicals in FYE 2023.

Our inventory turnover periods increased from 94 days to 104 days mainly attributed to the lower cost of sales in FPE 2024. This was mainly attributed to the lower consumption of input materials used for production, and this was reflected in the lower sales volume during FPE 2024.

(iv) Current ratio

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

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Current assets	66,510	104,718	141,235	98,863
Current liabilities	25,751	55,791	86,057	36,290
Current ratio (times) ⁽¹⁾	2.58	1.88	1.64	2.72

Note:

(1) Based on current assets over current liabilities.

Our current ratio decreased from 2.58 times as at FYE 2021 to 1.88 times as at FYE 2022. This was mainly due to an increase of RM8.20 million in accruals pertaining to bonus payable and related expenses, as well as an increase of RM6.05 million in short-term borrowings used for working capital purposes. In addition, there was RM5.00 million of dividend payable to shareholders declared in FYE 2022, which were paid in FYE 2023. As at FYE 2022, there was also current tax liabilities of RM3.25 million arising from higher profit.

Our current ratio decreased from 1.88 times as at FYE 2022 to 1.64 times as at FYE 2023. This was mainly due to the increase of RM26.28 million in trade payables mainly attributed to the outstanding amount owing to a supplier based in Denmark for the purchase of refining catalysts. There was also an increase of RM3.00 million in dividend payable to shareholders declared in FYE 2023, which was subsequently paid in June 2024. In addition, short term borrowing increased by RM3.77 million mainly attributed to higher trust receipts and bankers' acceptances.

Our current ratio increased from 1.64 times as at FYE 2023 to 2.72 times as at FPE 2024. This was mainly attributed to lower trade payables and lower accruals for bonus payment.

12. FINANCIAL INFORMATION (CONT'D)**(v) Gearing ratio**

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

	<-----Audited----->			
	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000
Bank borrowings	13,180	18,197	21,195	27,548
- Bankers' acceptance	2,662	2,687	9,976	20,515
- Trust receipts	4,001	6,577	7,801	-
- Receivable factoring	-	2,540	2,352	-
- Term loans	2,749	1,863	543	3,801
- Hire purchase	858	575	523	3,232
- Islamic revolving facility	2,910	3,955	-	-
Total equity	52,411	62,200	70,816	81,313
Gearing ratio (times) ⁽¹⁾	0.25	0.29	0.30	0.34

Note:

- (1) Based on total interest-bearing bank borrowings (including hire purchase payables) over total equity.

Our gearing ratio increased from 0.25 times in FYE 2021 to 0.29 times in FYE 2022, mainly attributed to the net drawdown of RM6.65 million of banking facilities comprising trust receipts, receivables factoring and Islamic revolving facilities and bankers' acceptance, which were used for working capital purposes.

Our gearing ratio remained relatively consistent at 0.29 in FYE 2022 and 0.30 in FYE 2023.

Our gearing ratio increased from 0.30 times in FYE 2023 to 0.34 times in FPE 2024, mainly attributed to an increase in bank borrowings including term loans, hire purchase and banker's acceptance.

12.4 TREND ANALYSIS

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

- (i) known trends, demands, commitments, events or uncertainties that have had, or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position, operations, save as set out in Sections 5 and 7 of this Prospectus;
- (ii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations;
- (iii) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for the interruption to business and operations due to COVID-19 pandemic as set out in Section 7.14 of this Prospectus;

12. FINANCIAL INFORMATION (CONT'D)

- (iv) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical combined financial statements not indicative of the future financial performance and position; and
- (v) 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 liquidity and capital resources.

12.5 ORDER BOOK

We do not maintain an order book as we are involved mainly in the manufacturing of O&G specialty chemicals whereby our sales are carried out based on purchase orders received from our customers on an on-going basis.

12.6 SIGNIFICANT CHANGES/EVENTS

The significant events occurring after the reporting period are set out below:

- (a) On 29 February 2024, Sumisaujana entered into a conditional share sale agreement with the vendors of SSTCM to acquire the entire issued share capital of SSTCM comprising 5,900,000 ordinary shares for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the NA of SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new ordinary shares at an issue price of RM0.0625 per share in Sumisaujana to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

On 5 December 2024, the conditional share sale agreement became unconditional upon the fulfilment of the conditions precedent of the conditional share sale agreement. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme; and

- (b) On 5 December 2024, Sumisaujana obtained conditional approval from Bursa Securities for the listing and quotation of the entire enlarged issue share capital of Sumisaujana on the ACE Market of Bursa Securities.

12. FINANCIAL INFORMATION (CONT'D)

12.7 DIVIDEND POLICY

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

We target a payout ratio of 30.00% of our PAT attributable to owners of our Company for each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law, licence conditions and contractual obligations and provided that such distribution will not be detrimental to our cash requirements or any plans approved by our Board.

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

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

As at the LPD, save for any applicable financial covenants (in particular, the financial institutions' consent for declaration of dividends from our Subsidiary to us) and the Act, and subject to the availability of distributable profits and reserves, there are no dividend restrictions imposed on us or our Subsidiary. The existing financial covenants would not affect the future dividend payments of our Company.

Nevertheless, our Company is a holding company and we conduct substantially all of our operations through our Subsidiary. Accordingly, an important source of our income and subsequently an important factor in our ability to pay dividends is the amount of dividends and distributions that our Company receives from our Subsidiary. As such, the ability of our Subsidiary to pay dividends or make other distributions to our Company in the future will depend on their operating results, earnings, capital requirements, general financial condition and any applicable laws.

The dividends declared and paid by our Group for the Financial Periods Under Review and up to the LPD are set out below:

	FYE 2021 RM'000	FYE 2022 RM'000	FYE 2023 RM'000	FPE 2024 RM'000	Up to the LPD RM'000
Dividends declared	-	7,000	22,000 ⁽¹⁾	-	-
Dividends paid	5,000	2,000	19,000	8,000	-
PAT	9,090	16,790	30,616	10,497	-
Dividend payout ratio ⁽²⁾	-	41.69%	71.86%	-	-

12. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1) The dividends declared were paid on 26 May 2023 (RM4.00 million), 26 December 2023 (RM10.00 million) and 28 June 2024 (RM8.00 million).
- (2) Computed as dividends declared divided by PAT.

The dividends paid in the FYE 2021, FYE 2022, FYE 2023 and FPE 2024 were funded via internally generated funds. The declaration and payment of such dividends would not affect the execution and implementation of our Group's strategies and plans as set out in Section 7.19 of this Prospectus.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modification (including non-declaration) thereof at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that further dividends declared by our Board, if any, will not differ materially from historical dividend levels.

As at the LPD, our Company has no intention to declare any further dividends up to the completion of the Listing.

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12. FINANCIAL INFORMATION (CONT'D)**12.8 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1016
 Chartered Accountants
 Level 16, Tower C, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
 www.crowe.my

Date: 27 February 2025

The Board of Directors
Sumisaujana Group Berhad
 No. 57, Jalan TIAJ 2/1,
 Taman Industri Alam Jaya,
 Bandar Puncak Alam,
 42300 Selangor Darul Ehsan.

Dear Sirs/Madams,

**SUMISAUJANA GROUP BERHAD ("SUMISAUJANA" OR "THE COMPANY")
 REPORT ON THE COMPILATION OF PRO FORMA CONSOLIDATED STATEMENTS OF
 FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of Sumisaujana and its subsidiary (collectively known as "the Group") as at 30 September 2024 together with the accompanying notes thereon, for which we have stamped for the purpose of identification.

The Pro Forma Consolidated Statements of Financial Position have been prepared for inclusion in the Prospectus of Sumisaujana in connection with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). The applicable criteria on the basis of which the Board of Directors of Sumisaujana has compiled the Pro Forma Consolidated Statements of Financial Position are set out in Note 3 of Appendix A, and in accordance with the Prospectus Guidelines 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 ("Guidance Note") and described in the notes to the Pro Forma Consolidated Statements of Financial Position.

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors of Sumisaujana to illustrate the impact of the transactions as described in the Notes to the Pro Forma Consolidated Statements of Financial Position as at 30 September 2024 if these events have been occurred or the transactions have been undertaken throughout the financial period. As part of this process, information about the Group's financial position as at 30 September 2024 have been extracted by the Board of Directors of Sumisaujana from the Accountants' Report of Sumisaujana for the financial period ended 30 September 2024, which is audited by us.

THE BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors of the Company is responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

12. FINANCIAL INFORMATION (CONT'D)



REPORTING ACCOUNTANTS' INDEPENDENCE AND QUALITY CONTROL

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

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

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by the Prospectus Guidelines issued by the Securities Commission Malaysia, about whether the Pro Forma Consolidated Financial Statements of Financial Position have been compiled, in all material respects, by the Board of Directors of the Company on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

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

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

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

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 Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:-

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

12. FINANCIAL INFORMATION (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITIES (CONT'D)**

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions 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, Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

OTHER MATTER

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

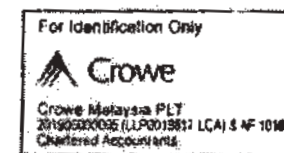
Yours faithfully,


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

Kuala Lumpur


Chin Kit Seong
 03030/01/2027 J
 Chartered Accountant

12. FINANCIAL INFORMATION (CONT'D)

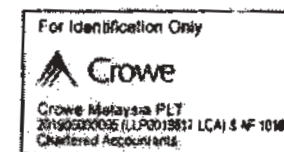


Appendix A

SUMISAUJANA GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024

		Acquisition of SSTCM		Pro Forma I		Pro Forma II			Pro Forma III
	Combined Statements of Financial Position As At 30.9.2024 RM'000	Issuance of New Ordinary Shares RM'000	Reorganisation Accounting RM'000	After Acquisition of SSTCM RM'000	Adjustments for Public Issue RM'000	After Pro Forma I and After Public Issue RM'000	Reclassification of Earnest Deposit Paid RM'000	Adjustments for Utilisation of Proceeds RM'000	After Pro Forma II and Utilisation of Proceeds RM'000
Note									
ASSETS									
NON-CURRENT ASSETS									
Investment in a subsidiary	4.1	-	70,850	(70,850)	-	-	-	-	-
Property, plant and equipment	6.1	26,384	-	-	26,384	-	26,384	600	59,100
Right-of-use assets		2,643	-	-	2,643	-	2,643	-	-
Intangible assets		23	-	-	23	-	23	-	-
Other investment		46	-	-	46	-	46	-	-
		29,096	70,850	(70,850)	29,096	-	29,096	600	59,100
									88,796
CURRENT ASSETS									
Inventories		27,684	-	-	27,684	-	27,684	-	-
Trade receivables		33,130	-	-	33,130	-	33,130	-	-
Other receivables, deposits and prepayments	6.2	10,185	-	-	10,185	-	10,185	(600)	(446)
Contract assets		4,510	-	-	4,510	-	4,510	-	-
Fixed deposits with licensed banks		10,944	-	-	10,944	-	10,944	-	-
Cash and bank balances	6.3	12,410	-	-	12,410	74,400	86,810	-	(62,833)
		98,863	-	-	98,863	74,400	173,263	(600)	(63,279)
									109,384
TOTAL ASSETS		127,959	70,850	(70,850)	127,959	74,400	202,359	-	(4,179)
									198,180

12. FINANCIAL INFORMATION (CONT'D)

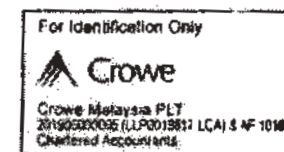


Appendix A

SUMISAUJANA GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (CONT'D)

	Note	Combined Statements of Financial Position As At 30.9.2024 RM'000	Acquisition of SSTCM		Pro Forma I	Pro Forma II			Pro Forma III	
			Issuance of New Ordinary Shares RM'000	Reorganisation Accounting RM'000	After Acquisition of SSTCM RM'000	Adjustments for Public Issue RM'000	After Pro Forma I and After Public Issue RM'000	Reclassification of Earnest Deposit Paid RM'000	Adjustments for Utilisation of Proceeds RM'000	After Pro Forma II and Utilisation of Proceeds RM'000
EQUITY AND LIABILITIES										
EQUITY										
Share capital	6.4	#1	70,850	-	70,850	74,400	145,250	-	(2,695)	142,555
Invested equity	6.5	5,900	-	(5,900)	-	-	-	-	-	-
Retained profits	6.6	75,413	-	-	75,413	-	75,413	-	(1,484)	73,929
Reorganisation reserve	3.2	-	-	(64,950)	(64,950)	-	(64,950)	-	-	(64,950)
TOTAL EQUITY		81,313	70,850	(70,850)	81,313	74,400	155,713	-	(4,179)	151,534
NON-CURRENT LIABILITIES										
Lease liabilities		795	-	-	795	-	795	-	-	795
Long-term borrowings		5,709	-	-	5,709	-	5,709	-	-	5,709
Government grant		2,612	-	-	2,612	-	2,612	-	-	2,612
Deferred tax liabilities		1,240	-	-	1,240	-	1,240	-	-	1,240
		10,356	-	-	10,356	-	10,356	-	-	10,356

12. FINANCIAL INFORMATION (CONT'D)



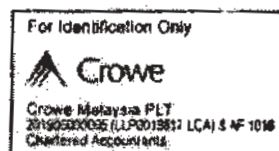
Appendix A

SUMISAUJANA GROUP BERHAD
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 (CONT'D)

		Acquisition of SSTCM		Pro Forma I		Pro Forma II			Pro Forma III
	Combined Statements of Financial Position As At 30.9.2024 RM'000	Issuance of New Ordinary Shares RM'000	Reorganisation Accounting RM'000	After Acquisition of SSTCM RM'000	Adjustments for Public Issue RM'000	After Pro Forma I and After Public Issue RM'000	Reclassification of Earnest Deposit Paid RM'000	Adjustments for Utilisation of Proceeds RM'000	After Pro Forma II and Utilisation of Proceeds RM'000
Note									
CURRENT LIABILITIES									
Trade payables	7,780	-	-	7,780	-	7,780	-	-	7,780
Contract liabilities	1	-	-	1	-	1	-	-	1
Other payables and accruals	3,684	-	-	3,684	-	3,684	-	-	3,684
Lease liabilities	2,038	-	-	2,038	-	2,038	-	-	2,038
Short-term borrowings	21,839	-	-	21,839	-	21,839	-	-	21,839
Government grant	205	-	-	205	-	205	-	-	205
Current tax liabilities	566	-	-	566	-	566	-	-	566
Derivative liabilities	177	-	-	177	-	177	-	-	177
	36,290	-	-	36,290	-	36,290	-	-	36,290
TOTAL LIABILITIES	46,646	-	-	46,646	-	46,646	-	-	46,646
TOTAL EQUITY AND LIABILITIES	127,959	70,850	(70,850)	127,959	74,400	202,359	-	(4,179)	198,180
Number of ordinary shares in issue ('000)	2	1,133,600		1,133,602	310,000	1,443,602			1,443,602
Net assets (RM'000)	81,313			81,313		155,713			151,534
Net assets per share (RM)	813,130			0.07		0.11			0.10
Total interest-bearing bank borrowings	27,548			27,548		27,548			27,548
Gearing (Times)	0.34			0.34		0.18			0.18

Note:-

#1 - Represent RM100 comprising 1,600 Shares

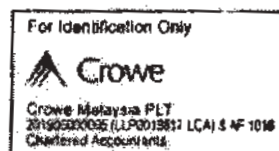
12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

1. Abbreviation

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

Bursa Securities	: Bursa Malaysia Securities Berhad
FPE	: Financial period ended
IPO	: Initial public offering comprising the Public Issue and Offer for Sale, collectively
IPO Price	: RM0.24 per IPO Share, being the price payable by investors under the Public Issue and Offer for Sale
IPO Shares	: The Issue Shares and/or Offer Shares
Issue Shares	: 310,000,000 new Sumisaujana Shares, to be issued pursuant to Public Issue
Listing	: Listing and quotation of the entire enlarged issued share capital of Sumisaujana of RM142,555,100 comprising 1,443,601,600 Sumisaujana Shares on the ACE Market of Bursa Securities
NA	: Net assets
New Puncak Alam Corporate Office	: A new 3-storey corporate building with an office, a warehouse and a laboratory with built-up area measuring approximately 67,885 square feet, to be built on Lot 41736 located at No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor
New Puncak Alam Warehouse	: A new 2-storey office building with an office and a warehouse with built-up area measuring approximately 32,260 square feet to be built on Lot 41735 located at No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor
Offer for Sale	: Up to 90,000,000 Offer Shares at the IPO Price by the Offerors
Offer Shares	: Up to 90,000,000 existing Shares to be offered for sale by the Offerors pursuant to the Offer for Sale
Offerors	: Atreon Holdings Sdn. Bhd., Norazlam Bin Norbi, Toh Chee Seng and Ramli Bin Mohamad collectively

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

1. Abbreviation (Cont'd)

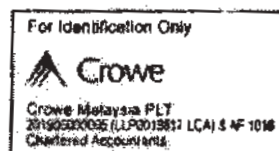
Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report (Cont'd):-

Pro Forma Consolidated SOFP	: Pro Forma Consolidated Statements of Financial Position
Public Issue	: 310,000,000 new Sumisaujana Shares at the IPO Price
Puncak Alam Factory	: A single storey detached factory annexed double storey office building with built-up area measuring approximately 51,946 square feet located at No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
RM and sen	: Ringgit Malaysia and sen, respectively the lawful currency of Malaysia
SSTCM	: Sumisaujana TCM Chemicals Sdn. Bhd. Registration No: 201001023293 (907064 - U)
Sumisaujana or The Company	: Sumisaujana Group Berhad Registration No: 202101023259 (1423559 - T)
Sumisaujana Share(s) or Share(s)	: Ordinary share(s) in Sumisaujana
Sumisaujana Group or The Group	: Sumisaujana and SSTCM collectively

2. Introduction

The Pro Forma Consolidated SOFP of the Group as at 30 September 2024 together with the notes thereon, for which the Board of Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the Prospectus in connection with the Listing.

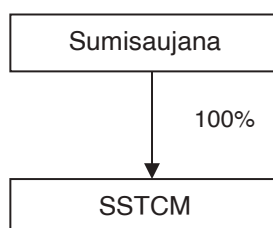
The Pro Forma Consolidated SOFP together with the notes have been prepared based on the assumption that the transactions as set out in Note 4 of the Pro Forma Consolidated SOFP were effected on 30 September 2024.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

3. Pro Forma Group and Basis of Preparation**3.1 Pro Forma Group**

The pro forma corporate structure of Sumisaujana Group is as follows:-

**3.2 Basis of Preparation**

The Pro Forma Consolidated SOFP as at 30 September 2024 have been prepared based on the Accountants' Report of Sumisaujana for the FPE 30 September 2024 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), and in a manner consistent with the format of the financial statements and accounting policies of the Group.

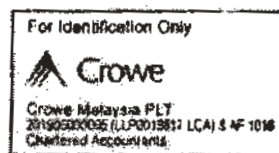
The Accountants' Report used in the preparation of these Pro Forma Consolidated SOFP was not subject to any audit qualification, modification or disclaimer. All amounts are presented in RM.

The business combinations of Sumisaujana Group involve the formation of a new holding company, namely Sumisaujana, to undertake a restructuring exercise via the acquisition of SSTCM.

On 5 July 2021, Sumisaujana Group Sdn. Bhd. ("Sumisaujana") was incorporated to facilitate the proposed initial public offering. On 8 May 2024, Sumisaujana was converted from a private limited company to a public limited company by shares under the name of Sumisaujana Group Berhad.

The acquisition of SSTCM by Sumisaujana represents an internal restructuring whereby it is a continuation of the acquired entity (i.e. SSTCM) and the assets and liabilities of the acquired entity are stated at their existing carrying amounts. The difference between the consideration paid and the share capital of the acquired entity is accounted for as reorganisation reserve.

	RM'000
Cost of investment	70,850
Less: Share capital of SSTCM	(5,900)
Reorganisation reserve	<u>64,950</u>

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

3. Pro Forma Group and Basis of Preparation (Cont'd)**3.2 Basis of Preparation (Cont'd)**

The Pro Forma Consolidated SOFP as at 30 September 2024 have been prepared for illustrative purposes only to show the effects of the transactions as set out in Section 4 of the Pro Forma Consolidated SOFP as at 30 September 2024 had the transactions been effected on 30 September 2024, and should be read in conjunction with the notes in this Section. Such information, because its hypothetical nature, does not give a true picture of the actual effects of the transactions or event on the financial information presented had the transaction or event occurred on 30 September 2024. Further, such information does not purport to predict the Group's future financial position.

4. Listing Scheme

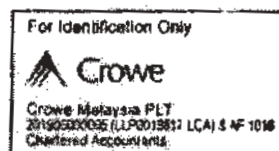
The following proposals were undertaken in conjunction with, and as an integral part of the Listing:-

4.1 Acquisition of SSTCM

On 29 February 2024, Sumisaujana entered into a conditional Share Sale Agreement with the vendors of SSTCM to acquire the entire issued share capital of SSTCM for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the audited net assets of SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new Shares at an issue price of RM0.0625 per Share in Sumisaujana to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

On 5 December 2024, the Share Sale Agreement became unconditional upon the fulfilment of the conditions precedent of the SSA. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

4. Listing Scheme (Cont'd)**4.2 IPO****(a) Public Issue**

Public Issue of 310,000,000 new Sumisaujana Shares, representing approximately 21.48% of the enlarged number of Sumisaujana Shares, at the IPO Price of RM0.24 per Sumisaujana Share. The Issue Shares shall be allocated in the following manner:-

(i) Malaysian public via balloting

72,500,000 Issue Shares, representing approximately 5.02% of the enlarged number of issued Shares in Sumisaujana will be made available for application by the Malaysian citizens, companies, co-operatives, societies and institutions incorporated or organised under the laws of Malaysia through a balloting process, of which 50.00% will be set aside for Bumiputera investors.

(ii) Selected investors via private placement

122,649,800 Issue Shares, representing approximately 8.50% of the enlarged number of issued Shares in Sumisaujana will be made available for application via private placement to identified institutional and selected investors.

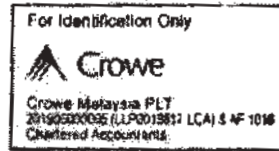
(iii) Eligible directors, employees and persons who have contributed to the success of the Group

24,400,000 Issue Shares, representing approximately 1.69% of the enlarged number of issued Shares in Sumisaujana will be made reserved for application by the independent non-executive directors of the Company, employees and persons who have contributed to the success of the Group.

(iv) Bumiputera investors approved by the Ministry of Investment, Trade and Industry of Malaysia ("MITI")

90,450,200 Issue Shares, representing approximately 6.27% of the enlarged number of issued Shares in Sumisaujana will be allocated for application via private placement to identified Bumiputera investors approved by the MITI.

Upon completion of the Public Issue, the share capital of Sumisaujana will increase from RM70,850,100 comprising 1,133,601,600 Sumisaujana Shares to RM142,555,100 comprising 1,443,601,600 Sumisaujana Shares.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

4. Listing Scheme (Cont'd)**4.2 IPO (Cont'd)****(b) Offer for Sale**

Offer for sale of up to 90,000,000 Offer Shares by the Offerors, representing 6.23% of the enlarged number of issued Share in Sumisaujana at the IPO Price of RM0.24 per Sumisaujana Share.

The Company will not receive any proceeds from the Offer for Sale and the Offer for Sale will not have any financial impact to the Pro Forma Consolidated SOFP of Sumisaujana.

(c) Listing on Bursa Securities

The admission of Sumisaujana to the official list of Bursa Securities, and the listing and quotation of entire enlarged issued share capital of Sumisaujana of RM142,555,100, comprising 1,443,601,600 Sumisaujana Shares on the ACE Market of Bursa Securities upon completion of the IPO.

5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP

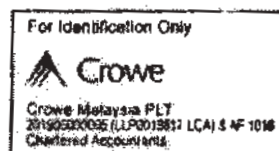
The Pro Forma Consolidated SOFP as at 30 September 2024 have been prepared solely for illustrative purposes only to show the effects of the following transactions based on the assumption that they have been effected on 30 September 2024:-

5.1 Pro Forma I

Pro Forma I incorporates effect of the Acquisition of SSTCM as set out in Section 4.1 above.

5.2 Pro Forma II

Pro Forma II incorporates the effects of the Pro Forma I and effect of the Public Issue as set out in Section 4.2(a) above.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

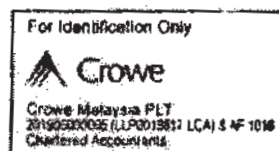
5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP (Cont'd)**5.3 Pro Forma III**

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

	RM'000	%	Estimated time frame for utilisation from the listing date
Acquisition of the New Puncak Alam Warehouse and New Puncak Alam Corporate Office ^β	40,200	54.03	Within 12 months
Acquisition of the existing Puncak Alam Factory [#]	18,900	25.40	Within 12 months
Capital expenditure:			
- Installation of solar photovoltaic system at the existing Puncak Alam Factory and purchase and installation of IT infrastructure for the New Puncak Alam Corporate Office [^]	2,080	2.80	Within 24 months
Expansion of research & development Division [^]	7,620	10.24	Within 36 months
Estimated listing expenses [*]	5,600	7.53	Within 1 month
Total	74,400	100.00	

Notes:-

- [^] - As at the latest practicable date of this report, the use of proceeds for the above mentioned capital expenditures and expansion of research & development division are not factually supportable by any purchase orders, sale and purchase agreements or contractual binding arrangements. Accordingly, the use of proceeds earmarked for these purposes are not adjusted in the Pro Forma III to the Pro Forma Consolidated SOFP and is remained in the cash and bank balances.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

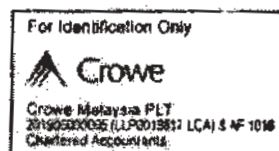
5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP (Cont'd)**5.3 Pro Forma III (Cont'd)**

Notes (Cont'd):-

- β - On 12 July 2024, SSTCM entered into two Sale and Purchase Agreements with Atreon Holdings Sdn. Bhd. for the following purchases:-
- (a) The acquisition of New Puncak Alam Corporate Office for a total purchase consideration of RM23,900,000 to be satisfied entirely in cash; and
 - (b) The acquisition of New Puncak Alam Warehouse for a total purchase consideration of RM16,300,000 to be satisfied entirely in cash.
- # - On 29 March 2023, SSTCM entered into a conditional Sale and Purchase Agreement with Earthwood Furniture Sdn. Bhd. for the purchase of Puncak Alam Factory for a total purchase consideration of RM19,500,000 to be satisfied entirely in cash. As at 30 September 2024, an earnest deposit of RM600,000 has been paid.

	RM'000
Purchase consideration	19,500
Less: Earnest deposit paid	(600)
Remaining purchase consideration	<u>18,900</u>

The Group currently leased the said Puncak Alam Factory from Earthwood Furniture Sdn. Bhd. and the purchase transaction will take place either upon expiry of the lease period in February 2026 or upon the completion of the Sale and Purchase Agreement, whichever occurs first.

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

5. Pro Forma Adjustments to the Pro Forma Consolidated SOFP (Cont'd)**5.3 Pro Forma III (Cont'd)**

Notes (Cont'd):-

*	RM'000
Total estimated listing expenses	5,600
Less: Listing expenses paid and charged to the profit or loss	(1,421)
Less: Listing expenses paid and debited into other receivables, deposits and prepayments	(446)
Remaining estimated listing expense as of 30 September 2024	<u>3,733</u>

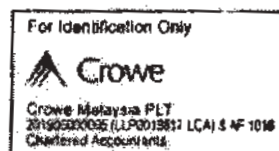
The estimated listing expenses to be borne by Sumisaujana comprise brokerage, underwriting and placement fees, professional fees and miscellaneous expenses.

The estimated listing expenses of RM2,695,000 directly attributable to the Public Issue will be debited against share capital and the remaining estimated listing expenses of RM2,905,000 that is attributable to the Listing will be charged to the statements of profit or loss and other comprehensive income.

Upon completion of the IPO, the remaining estimated listing expenses is RM3,733,000, of which estimated listing expenses of RM2,249,000 is assumed to be directly attributable to the IPO and as such the estimated listing expenses related to the Public Issue will be debited against share capital of the Company and the remaining listing expenses of RM1,484,000 will be charged to the statements of profit or loss and other comprehensive income.

6. Effects on the Pro Forma Consolidated SOFP**6.1 Property, plant and equipment**

	Note	RM'000
As at 30 September 2024/As per Pro Forma I and II		26,384
Pursuant to utilisation of proceeds:		
- Purchase of New Puncak Alam Warehouse and New Puncak Alam Corporate Office	5.3	40,200
- Purchase of existing Puncak Alam Factory	5.3	18,900
		59,100
Reclassification of earnest deposit paid:		
- Purchase of existing Puncak Alam Factory	5.3, 6.2	600
As per Pro Forma III		<u>86,084</u>

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

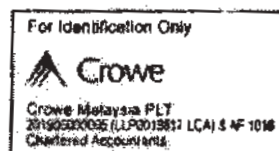
SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

6. Effects on the Pro Forma Consolidated SOFP (Cont'd)**6.2 Other receivables, deposits and prepayments**

	Note	RM'000
As at 30 September 2024/As per Pro Forma I and II		10,185
Reclassification of earnest deposit paid:		
- Purchase of existing Puncak Alam Factory	5.3, 6.1	(600)
Pursuant to utilisation of proceeds:		
- Reclassification of prepaid listing expenses to share capital	5.3	(446)
As per Pro Forma III		<u>9,139</u>

6.3 Cash and bank balances

	Note	RM'000
As at 30 September 2024/As per Pro Forma I		12,410
Pursuant to Public Issue	4.2(a)	74,400
As per Pro Forma II		86,810
Pursuant to utilisation of proceeds:		
- Acquisition of the New Puncak Alam Warehouse and New Puncak Alam Corporate Office	5.3	(40,200)
- Acquisition of the existing Puncak Alam Factory	5.3	(18,900)
- Estimated listing expenses	5.3	(3,733)
		<u>(62,833)</u>
As per Pro Forma III		<u>23,977</u>

12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

6. Effects on the Pro Forma Consolidated SOFP (Cont'd)**6.4 Share capital**

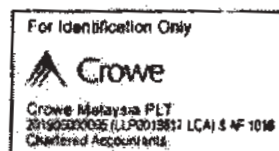
	Note	Number of Ordinary Shares '000	Amount RM'000
As at 30 September 2024		2	#
Pursuant to Acquisition of SSTCM	4.1	1,133,600	70,850
As per Pro Forma I		1,133,602	70,850
Pursuant to Public Issue	4.2(a)	310,000	74,400
As per Pro Forma II		1,443,602	145,250
Pursuant to utilisation of proceeds:			
- Reclassification of prepaid listing expenses from other receivables, deposits and prepayments	5.3	-	(446)
- Estimated listing expenses	5.3	-	(2,249)
	5.3	-	(2,695)
As per Pro Forma III		1,443,602	142,555

Note:-

- Represents RM100 comprising 1,600 Shares

6.5 Invested equity

	Note	RM'000
As at 30 September 2024		5,900
Pursuant to Acquisition of SSTCM	4.1	(5,900)
As per Pro Forma I, II and III		-

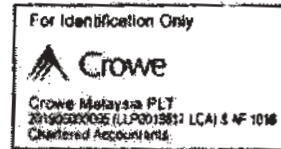
12. FINANCIAL INFORMATION (CONT'D)**Appendix A**

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

6. Effects on the Pro Forma Consolidated SOFP (Cont'd)**6.6 Retained profits**

	Note	RM'000
As at 30 September 2024/As per Pro Forma I and II		75,413
Pursuant to utilisation of proceeds:		
- Estimated listing expenses	5.3	(1,484)
As per Pro Forma III		<u>73,929</u>

12. FINANCIAL INFORMATION (CONT'D)



Appendix A

SUMISAUJANA GROUP BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated **27 FEB 2025**

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to be "Norazlam Bin Norbi".

Norazlam Bin Norbi

A handwritten signature in black ink, appearing to be "Toh Chee Seng".

Toh Chee Seng

13. ACCOUNTANTS' REPORT

Crowe Malaysia PLT
 201906000005 (LLP0018817-LCA) & AF 1018
 Chartered Accountants
 Level 16, Tower C, Megan Avenue II
 12, Jalan Yap Kwan Seng
 50450 Kuala Lumpur
 Malaysia
 Main +6 03 2788 9999
www.crowe.my

Date: 27 February 2025

The Board of Directors
Sumisaujana Group Berhad
 No. 57, Jalan TIAJ 2/1
 Taman Industri Alam Jaya
 Bandar Puncak Alam
 42300 Selangor Darul Ehsan

Dear Sirs and Madams,

**REPORTING ACCOUNTANTS' OPINION ON THE FINANCIAL INFORMATION CONTAINED IN
 THE ACCOUNTANTS' REPORT OF SUMISAUJANA GROUP BERHAD**

OPINION

We have audited the financial information of Sumisaujana Group Berhad ("Sumisaujana" or "the Company") which is the combined financial statements of Sumisaujana and its combining entity, namely Sumisaujana TCM Chemicals Sdn. Bhd. (collectively known as "the Group"), which comprise the combined statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024 and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the financial years ended ("FYE") 31 December 2021, 31 December 2022 and 31 December 2023 and financial period ended ("FPE") 30 September 2024, and notes to the financial information, including material accounting policy information, as set out on pages 4 to 122.

This historical financial information has been prepared for inclusion in the prospectus of Sumisaujana. This report is required by the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") (the "Prospectus Guidelines") and is given for the purpose of complying with Chapter 10, Part 11 Division 1: Equity of the Prospectus Guidelines and for no other purpose.

In our opinion, the combined financial information gives a true and fair view of the financial position of the Group as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024 and of its combined financial performance and its combined cash flows for each of the FYE 31 December 2021, 31 December 2022 and 31 December 2023 and FPE 30 September 2024 in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards.

BASIS FOR OPINION

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

13. ACCOUNTANTS' REPORT (CONT'D)**BASIS FOR OPINION (CONT'D)***Independence and Other Ethical Responsibilities*

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The Directors of the Group are responsible for the preparation of the financial information of the Group that gives a true and fair view in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial information of the Group that are free from material misstatement, whether due to fraud or error.

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

REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION

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

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

- Identify and assess the risks of material misstatement of the financial information of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

13. ACCOUNTANTS' REPORT (CONT'D)**REPORTING ACCOUNTANTS' RESPONSIBILITY FOR THE AUDIT OF FINANCIAL INFORMATION (CONT'D)**

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial information of the Group or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information of the Group, including the disclosures, and whether the financial information of the Group represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial information of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTER

The comparative information in respect of the combined statements of profit or loss and other comprehensive income and combined statements of cash flows and notes to the financial statements of the Group for the 9-months FPE 30 September 2023 has not been audited.

RESTRICTION ON DISTRIBUTION AND USE

Our report has been prepared for inclusion in the prospectus of Sumisaujana in connection with the listing and quotation of the entire enlarged issued share capital of Sumisaujana on the ACE Market of Bursa Malaysia Securities Berhad. As such, this report should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.


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

Kuala Lumpur


Chin Kit Seong
 03030/01/2027 J
 Chartered Accountant

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION**

		←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	Note		2021 RM		2023 RM
ASSETS					
NON-CURRENT ASSETS					
Investment in a joint venture	5		1,188,320		-
Plant and equipment	6		15,297,884		17,480,505
Right-of-use assets	7		4,086,179		3,910,741
Intangible assets			-		22,926
Other investment	8		-		-
			20,572,383		21,414,172
			21,000,321		29,096,078
CURRENT ASSETS					
Inventories	9		25,880,801		36,942,196
Trade receivables	10		23,654,080		65,659,305
Other receivables, deposits and prepayments	11		8,075,206		13,578,734
Contract assets	12		-		-
Amount owing by related companies	13		1,907,510		-
Current tax asset			163,381		-
Fixed deposits with licensed banks	14		-		14,770,000
Cash and bank balances			6,829,477		10,284,273
			66,510,455		141,234,508
			104,717,966		98,862,946
TOTAL ASSETS			87,082,838		162,648,680
			125,718,287		127,959,024

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

		←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	Note	2021 RM	2022 RM	2023 RM	2024 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15(a)	100	100	100	100
Invested equity	15(b)	5,900,000	5,900,000	5,900,000	5,900,000
Retained profits		46,510,500	56,300,274	64,916,354	75,413,026
TOTAL EQUITY		52,410,600	62,200,374	70,816,454	81,313,126
NON-CURRENT LIABILITIES					
Lease liabilities	16	2,854,423	2,766,062	1,687,242	795,221
Long-term borrowings	17	2,437,029	1,402,082	634,628	5,709,088
Government grant	18	1,619,414	1,761,489	1,655,966	2,612,309
Deferred tax liabilities	19	2,010,025	1,797,113	1,797,113	1,239,613
		8,920,891	7,726,746	5,774,949	10,356,231

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

		←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	Note	2021 RM	RM	2023 RM	RM
CURRENT LIABILITIES					
Trade payables	20	7,742,400	11,805,032	38,085,000	7,779,541
Contract liabilities	12	-	363,000	284,099	1,416
Other payables and accruals	21	5,586,335	16,066,514	12,258,255	3,682,915
Amount owing to a related party	22	10,054	10,054	29,599	-
Amount owing to directors	23	32,410	9,240	22,101	-
Lease liabilities	16	1,566,057	2,382,645	2,506,686	2,038,255
Short-term borrowings	17	10,743,091	16,794,494	20,560,768	21,839,043
Government grant	18	71,000	105,523	105,523	205,203
Dividend payable	24	-	5,000,000	8,000,000	-
Current tax liabilities		-	3,254,665	4,205,246	566,453
Derivative liabilities	25	-	-	-	176,841
		25,751,347	55,791,167	86,057,277	36,289,667
TOTAL LIABILITIES		34,672,238	63,517,913	91,832,226	46,645,898
TOTAL EQUITY AND LIABILITIES		87,082,838	125,718,287	162,648,680	127,959,024

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		←	Audited FYE 31 December 2022 RM	→	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
	Note		2021 RM	2023 RM		
REVENUE	26		95,725,114	145,816,502	198,783,104	131,486,144
COST OF SALES			(66,905,894)	(93,756,624)	(130,935,705)	(80,545,283)
GROSS PROFIT			28,819,220	52,059,878	67,847,399	50,940,861
OTHER INCOME			1,660,363	3,313,289	7,949,297	4,981,773
			30,479,583	55,373,167	75,796,696	55,922,634
SELLING AND DISTRIBUTION EXPENSES			(5,979,608)	(8,210,863)	(8,153,945)	(5,107,519)
ADMINISTRATIVE EXPENSES			(10,546,634)	(20,030,106)	(19,908,322)	(13,112,910)
OTHER EXPENSES			(977,109)	(2,254,996)	(4,871,024)	(2,161,456)
FINANCE COSTS			(644,941)	(1,181,396)	(1,485,779)	(1,143,995)
IMPAIRMENT LOSS ON FINANCIAL ASSETS	27		-	-	-	-
PROFIT BEFORE TAXATION	28		12,331,291	23,695,806	41,377,626	34,396,754
INCOME TAX EXPENSE	29		(3,241,452)	(6,906,032)	(10,761,546)	(9,177,127)
PROFIT AFTER TAXATION			9,089,839	16,789,774	30,616,080	25,219,627
OTHER COMPREHENSIVE INCOME			-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD			9,089,839	16,789,774	30,616,080	25,219,627

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	←	Audited FYE 31 December	→	Unaudited 9-Month FPE 30 September	Audited 9-Month FPE 30 September
Note	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
PROFIT AFTER TAXATION ATTRIBUTABLE TO:- Owners of the Company	9,089,839	16,789,774	30,616,080	25,219,627	10,496,672
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:- Owners of the Company	9,089,839	16,789,774	30,616,080	25,219,627	10,496,672
EARNINGS PER SHARE (RM)					
30 Basic	1.54	2.85	5.19	4.27	1.78
Diluted	1.54	2.85	5.19	4.27	1.78

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF CHANGES IN EQUITY**

	Note	Share Capital RM	Invested Equity RM	Distributable Retained Profits RM	Total Equity RM
Audited					
Balance at 31.12.2021/1.1.2022		100	5,900,000	46,510,500	52,410,600
Profit after taxation/Total comprehensive income for the financial year		-	-	16,789,774	16,789,774
Distribution to owners of the Company: - Dividends	31	-	-	(7,000,000)	(7,000,000)
Balance at 31.12.2022/1.1.2023		100	5,900,000	56,300,274	62,200,374
Profit after taxation/Total comprehensive income for the financial year		-	-	30,616,080	30,616,080
Distribution to owners of the Company: - Dividends	31	-	-	(22,000,000)	(22,000,000)
Balance at 31.12.2022/1.1.2024		100	5,900,000	64,916,354	70,816,454
Profit after taxation/Total comprehensive income for the financial period		-	-	10,496,672	10,496,672
Balance at 30.9.2024		100	5,900,000	75,413,026	81,313,126

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF CASH FLOWS**

		Audited		Unaudited	Audited
		FYE 31 December		9-Month FPE 30	September
		2022		2023	2024
Note	2021	2022	2023	2023	2024
	RM	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit before taxation	12,331,291	23,695,806	41,377,626	34,396,754	14,412,078
Adjustments for:-					
Depreciation:					
- plant and equipment	2,542,800	1,823,780	2,226,768	1,611,752	1,996,739
- right-of-use assets	1,084,677	1,874,045	2,507,329	1,822,613	2,131,671
Impairment loss:					
- inventories	-	500,627	318,096	318,096	-
- trade receivables	-	-	-	-	29,829
Interest expenses:					
- lease liabilities	166,836	190,101	226,048	169,939	176,917
- others	478,105	991,295	1,259,731	974,056	818,347
Written off:					
- inventories	99,781	184,501	196,776	196,776	-
- plant and equipment	9,234	44,327	219,374	132,696	11,692
Amortisation of government grant	(71,000)	(105,523)	(105,523)	(79,142)	(196,156)
Interest income	(23,403)	(31,621)	(381,324)	(80,474)	(473,336)
Gain on modification of leases	-	(18,257)	(700)	(700)	-
(Gain)/Loss on disposal of plant and equipment	(59,162)	(5,000)	33,141	3,125	(52,327)
Unrealised (gain)/loss on foreign exchange	(979,964)	492,854	630,546	(1,165,885)	4,173,396
Operating profit before working capital changes	15,579,195	29,636,935	48,507,888	38,299,606	23,028,850
Increase in contract assets	-	-	-	-	(4,509,754)
(Decrease)/Increase in contract liabilities	(195,343)	363,000	(78,901)	(363,000)	(282,683)
(Increase)/Decrease in inventories	(9,966,041)	(5,654,262)	(6,607,133)	1,107,265	9,258,468
CASH FROM OPERATIONS CARRIED FORWARD	5,417,811	24,345,673	41,821,854	39,043,871	27,494,881

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF CASH FLOWS**

		←	Audited FYE 31 December 2022 RM	→	Unaudited 9-Month FPE 2023 RM	Audited 30 September 2024 RM
	Note		2021 RM	2023 RM		
CASH FROM OPERATIONS BROUGHT FORWARD			5,417,811	41,821,854	39,043,871	27,494,881
(Increase)/Decrease in trade and other receivables			(10,820,987)	(29,489,099)	(2,841,111)	32,613,044
Increase/(Decrease) in trade and other payables			7,184,914	23,864,928	(7,589,374)	(38,520,029)
(Increase)/Decrease in amount owing by related companies			(460,707)	-	-	-
CASH FROM OPERATIONS			1,321,031	36,197,683	28,613,386	21,587,896
Interest received			23,403	381,324	80,474	473,336
Interest paid			(644,941)	(1,485,779)	(1,143,995)	(995,264)
Income tax paid			(4,326,433)	(9,810,965)	(5,553,461)	(8,111,699)
NET CASH (FOR)/FROM OPERATING ACTIVITIES			(3,626,940)	25,282,263	21,996,404	12,954,269
CASH FLOWS FOR INVESTING ACTIVITIES						
Government grant received			490,000	-	-	1,252,179
Purchase of plant and equipment	32(a)		(4,059,421)	(4,755,142)	(2,376,844)	(4,418,796)
Purchase of intangible assets			-	(22,926)	(22,926)	-
Purchase of other investment			-	-	-	(45,447)
Placement of fixed deposits pledged with a licensed bank			-	(1,000,000)	(1,000,000)	(1,700,000)
Sales proceeds from disposal of plant and equipment			107,490	800	-	90,011
Withdrawal of fixed deposits with tenure more than 3 months			1,025,416	-	-	-
NET CASH FOR INVESTING ACTIVITIES			(2,436,515)	(5,777,268)	(3,399,770)	(4,822,053)

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
COMBINED STATEMENTS OF CASH FLOWS (CONT'D)**

		←	Audited FYE 31 December	→	Unaudited 9-Month FPE	Audited FYE 30 September
	Note	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES						
Proceeds from issuance of ordinary shares		100	-	-	-	-
Dividends paid		(5,000,000)	(2,000,000)	(19,000,000)	(9,000,000)	(8,000,000)
Net drawdown/(repayment):						
- term loans	32(b)	(876,928)	(886,051)	(1,319,469)	(1,271,469)	(223,855)
- hire purchase payables	32(b)	(210,183)	(283,119)	(260,055)	(194,903)	(340,500)
- trust receipts	32(b)	2,671,390	3,016,418	754,106	2,404,320	(7,800,932)
- bankers' acceptances	32(b)	1,994,000	25,000	7,289,480	7,577,981	10,538,788
- Islamic revolving facilities	32(b)	2,166,294	1,044,083	(3,955,129)	(2,159,067)	-
- receivables factoring	32(b)	-	2,563,883	(39,110)	(2,540,131)	(2,351,979)
- lease liabilities	32(b)	(1,106,165)	(1,856,438)	(2,557,093)	(1,851,042)	(2,224,688)
Repayment to holding company	32(b)	(20,758)	-	-	-	-
Advances from/(Repayment to) a related party	32(b)	10,054	-	19,545	14,545	(29,599)
Advances from/(Repayment to) directors	32(b)	15,517	(23,170)	12,861	(9,240)	(22,101)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(356,679)	1,600,606	(19,054,864)	(7,029,006)	(10,454,866)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,420,134)	17,271,949	450,131	11,567,628	(2,322,650)
EFFECTS OF EXCHANGE RATE CHANGES		604,257	(229,065)	(268,219)	333,042	(1,077,681)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD		12,645,354	6,829,477	23,872,361	23,872,361	24,054,273
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD	32(d)	6,829,477	23,872,361	24,054,273	35,773,031	20,653,942

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. ABBREVIATIONS**

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

Bursa Securities	: Bursa Malaysia Securities Berhad Registration No.: 200301033577 (635998 - W)
CNY	: Chinese Yuan
EUR	: Euro
FYE	: Financial year ended
FPE	: Financial period ended
GBP	: British Pound Sterling
IDR	: Indonesian Rupiah
Listing	: Listing of and quotation for the entire enlarged issued share capital of Sumisaujana of RM142,555,100 comprising 1,443,601,600 Sumisaujana Shares on the ACE Market of Bursa Securities
PT. Tricon	: PT. Tricon Chemtech Indonesia Company No: AHU-0046728.AH.01.01.
RM	: Ringgit Malaysia
USD	: United States Dollar
SGD	: Singapore Dollar
Sumisaujana or The Company	: Sumisaujana Group Berhad Registration No: 202101023259 (1423559 - T)
SSTCM	: Sumisaujana TCM Chemicals Sdn. Bhd. Registration No: 201001023293 (907064 - U)
The Group	: Sumisaujana and SSTCM collectively
Holding company	: Atreon Holdings Sdn. Bhd. (formerly known as Sumisaujana Sdn. Bhd.) Registration No: 200401010966 (649469 - A)
SSA	: Share Sale Agreement

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. GENERAL INFORMATION****2.1 Background**

Sumisaujana was incorporated in Malaysia under the Companies Act, 2016 on 5 July 2021 as a private limited company under the name of Sumisaujana Group Sdn. Bhd. to facilitate the proposed initial public offering. Subsequently on 8 May 2024, Sumisaujana was converted from a private limited company to a public limited company by shares. The registered office and principal place of business are as follows:-

Registered office	: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.
Principal place of business	: No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, Bandar Puncak Alam, 42300 Selangor Darul Ehsan.

The principal activities of Sumisaujana was engaged in the business of trading, manpower, waste management, consultancy of oil and gas petrochemicals and chemicals industry and investment holding. On 24 October 2023, Sumisaujana has changed its principal activities to business of investment holding. Sumisaujana was dormant since the date of its incorporation.

2.2 Listing Scheme

In conjunction with, and as an integral part of the Listing, Sumisaujana carried out the following:-

(i) Subdivision of ordinary shares

As at 31 December 2023, the issued and paid-up share capital of Sumisaujana is RM100 comprising 100 ordinary shares.

On 28 February 2024, the Company carried out subdivision of every 1 existing ordinary share into 16 ordinary shares. Upon completion of the subdivision, the issued and paid-up share capital of Sumisaujana was RM100 comprising 1,600 ordinary shares.

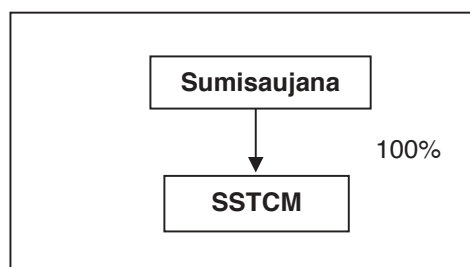
(ii) Acquisition of SSTCM

On 29 February 2024, Sumisaujana entered into a conditional SSA with the vendors of SSTCM to acquire the entire issued share capital of SSTCM for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the net assets of the SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new ordinary shares at an issue price of RM0.0625 per share in Sumisaujana to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****2. GENERAL INFORMATION (CONT'D)****2.2 Listing Scheme (Cont'd)****(ii) Acquisition of SSTCM (Cont'd)**

Following the completion of the acquisition by Sumisaujana, the Group structure will be as follows:-



The details of the combining entity, which is incorporated in Malaysia, are disclosed as follows:-

Name of Combining Entity	Percentage of Issued Share Capital Held in Combining Entity				Principal Activities	Date of incorporation
	Audited					
	←	At	→	At 30		
	31 December	2022	2023	September		
	2021			2024		
	%	%	%	%		
SSTCM	100	100	100	100	Manufacturing of oil and gas ("O&G") specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.	7 July 2010

The holding company of SSTCM for the FYE 31 December 2021, 31 December 2022, 31 December 2023 and FPE 30 September 2024 is Atreon Holdings Sdn. Bhd. (formerly known as Sumisaujana Sdn. Bhd.) ("Atreon"), a private limited liability company, incorporated and domiciled in Malaysia.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. BASIS OF PREPARATION**

As the Group has not been in place as at 30 September 2024, there are no consolidated financial statements of the Group for the FYE 31 December 2021, 31 December 2022 and 31 December 2023 and FPE 30 September 2024.

For the purpose of inclusion in the prospectus of Sumisaujana in connection with the listing and quotation of the entire enlarged issued share capital of Sumisaujana on the ACE Market of Bursa Securities, the Group prepared the combined financial statements comprise the combined statements of financial position as at 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024 of the Group and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FPE 30 September 2024.

The combined financial statements of the Group have been prepared in a manner similar to the reorganisation method, as if the entities within the Group were operating as a single economic entity throughout the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023, FPE 30 September 2024 or the dates of incorporation of entities within the Group, if later.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The common control of the Group has been established since the set-up of the Group by virtue of Norazlam Bin Norbi, Toh Chee Seng and Ramli Bin Mohamad, being the promoters of the Group. Hence, the combined financial statements of the Group have been prepared as if the Group has been operated as a single economic entity throughout the FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and FPE 30 September 2024.

The financial information as prepared in the combined financial statements may not correspond with the consolidated financial statements of the Group, after incorporating/effecting the relevant acquisition. Such financial information from the combined financial statements does not purport to predict the financial positions, results of operation and cash flows of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. BASIS OF PREPARATION (CONT'D)**

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

Entities under Common Control	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023	FPE 30 September 2024
Sumisaujana	#, ^	#, ^	#, ^	#, ^
SSTCM +	#, ^	#, ^	#, ^	#, ^

Notes:-

- # - The combined financial statements of the Group include the financial statements of these combining entities for the respective financial years/period.
- ^ - The combined financial statements of the Group for the financial years/period have been prepared based on the audited financial statements which were audited by Crowe Malaysia PLT and in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards, for the purpose of inclusion into the combined financial statements of the Group.
- + - Included investment in a joint venture which has been accounted for using the equity method in the combined financial statements.

The audited financial statements of all the combining entities were not subject to any modified audit opinions.

The combined financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 3.1 During the current financial period, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****3. BASIS OF PREPARATION (CONT'D)**

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026

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

MFRS 18 Presentation and Disclosure of Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statements of financial position and the statements of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group has yet to be assessed.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. MATERIAL ACCOUNTING POLICY INFORMATION****4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Source of Estimation Uncertainty*

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

(a) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

(b) Write-down of Inventories

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

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

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

Lease Terms

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

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****4.2 BASIS OF COMBINATION**

The combined financial statements comprise the financial statements of the Company and its combining entities as at the reporting dates. The financial statements of the Company and its combining entities used in the preparation of the combined financial statements are prepared as of the same reporting dates.

The combining entities are entities, including structured entities, under common control of the shareholders that control the Company and the combining entities ("Controlling Shareholders"), and are accounted for as if the Company and the combining entities are a single economic entity at the beginning of the earlier comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities of the combining entities are recognised at the carrying amounts recognised in the respective combining entities' financial statements. The components of equity of the combining entities are added to the same components within the Group's equity and any resulting gain/loss is recognised directly in equity.

The Controlling Shareholders control an entity when they are exposed, or have rights, to variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Controlling Shareholders also consider they have de facto power over an investee when, despite not having the majority of voting rights, they have the current ability to direct the activities of the investee that significantly affect the investee's return.

Entities under common control

Acquisition of entity under a reorganisation scheme does not result in any change in economic substance. Accordingly, the combined financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:-

- (i) the results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (ii) the Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and
- (iii) no new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as reorganisation reserve or deficit.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****4.3 FINANCIAL INSTRUMENTS****(a) Financial Assets**Financial Assets at Amortised Cost

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

(b) Financial LiabilitiesFinancial Liabilities at Amortised Cost

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

(c) EquityOrdinary Shares

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

(d) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss.

(e) Financial Guarantee Contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

4.4 INVESTMENT IN JOINT VENTURE

Investment in joint venture is stated in the separate financial statements of the company at cost less impairment losses, if any. The Group recognises its interest in the joint venture using the equity method in the separate financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****4.5 ECONOMIC ENTITY**

The combined financial statements of the economic entity include the financial statements of the Group and its investment in a joint venture that is accounted for using the equity method (see Note 4.4 to the combined financial statements).

4.6 PLANT AND EQUIPMENT

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

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

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

Plant and machinery	5% - 20%
Laboratory equipment	10%
Furniture and fittings	10%
Renovation	10%
Signboard	10%
Tools and equipment	20%
Computer and office equipment	10% - 20%
Storage	33 1/3%
Motor vehicles	20%

Capital work-in-progress represents plant and machinery under installation (FYE 31 December 2023 - website development, FYE 31 December 2022 - plant and machinery under installation and accounting and human resources software under implementation and FYE 31 December 2021 - plant and machinery under installation). It is not depreciated until such time when the asset is available for use.

4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**(a) Short-term Leases and Leases of Low-value Assets**

The Group apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****4. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)****4.7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)****(c) Lease Liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.9 GOVERNMENT GRANTS

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

5. INVESTMENT IN A JOINT VENTURE

	←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	2021 RM		2023 RM	
Unquoted shares, at cost	1,188,320	1,188,320	-	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****5. INVESTMENT IN A JOINT VENTURE (CONT'D)**

The details of the joint venture is as follows:-

Name of Joint Venture	Principal Place of Business	Percentage of Ownership Audited				Principal Activity	Date of incorporation
		← 2021 %	At 31 December 2022 %	→ 2023 %	At 30 September 2024 %		
PT. Tricon #	Indonesia	40	40	-	-	Not yet commence business operations	9 September 2019

Note:-

- Not required to be audited under the laws of the country of incorporation.

- (a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified this investment as joint venture.
- (b) The investment in a joint venture is accounted for using the equity method in the combined financial statements. The Group has not share any profit or loss relating to PT. Tricon as PT. Tricon has not commenced business operations and did not incur any expenses since the date of its incorporation.
- (c) On 6 January 2023, the shareholders of PT. Tricon have initiated the liquidation process. The liquidation of PT. Tricon was completed on 30 January 2023.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

5. INVESTMENT IN A JOINT VENTURE (CONT'D)

(d) The summarised unaudited financial information of PT. Tricon is as follows:-

	←	Unaudited At 31 December 2022 RM	→	Unaudited At 30 September 2024 RM
	2021 RM		2023 RM	
<u>At 31 December/30 September</u>				
Current asset	2,920,000	2,820,000	Not applicable	Not applicable
Included in the current asset is:				
- cash and bank balances	2,920,000	2,820,000	Not applicable	Not applicable
<u>12-month Period Ended 31 December/9-month Period Ended 30 September</u>				
Total comprehensive income	-	-	Not applicable	Not applicable
<u>Reconciliation of Net Assets to Carrying Amount</u>				
Group's share of net assets above	1,188,320	1,188,320	Not applicable	Not applicable

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. PLANT AND EQUIPMENT**

	At 1.1.2021 RM	Additions (Note 32(a)) RM	Disposals RM	Written Off (Note 28) RM	Depreciation Charges (Note 28) RM	At 31.12.2021 RM
Audited						
FYE 31 December 2021						
<i>Carrying Amount</i>						
Plant and machinery	10,785,281	1,273,502	(43,837)	-	(1,578,082)	10,436,864
Laboratory equipment	399,280	140,286	-	-	(135,935)	403,631
Furniture and fittings	183,643	292,950	-	-	(42,268)	434,325
Renovation	442,793	317,041	-	-	(149,284)	610,550
Signboard	6,243	-	-	-	(2,026)	4,217
Tools and equipment	9,242	5,105	-	-	(6,036)	8,311
Computer and office equipment	373,965	209,769	(4,491)	(9,234)	(108,174)	461,835
Storage	398,211	273,079	-	-	(235,662)	435,628
Motor vehicles	714,167	547,689	-	-	(285,333)	976,523
Capital work-in-progress	126,000	1,400,000	-	-	-	1,526,000
	13,438,825	4,459,421	(48,328)	(9,234)	(2,542,800)	15,297,884

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2022 RM	Additions (Note 32(a)) RM	Written Off (Note 28) RM	Depreciation Charges (Note 28) RM	At 31.12.2022 RM
Audited					
FYE 31 December 2022					
<i>Carrying Amount</i>					
Plant and machinery	10,436,864	418,219	-	(851,655)	10,003,428
Laboratory equipment	403,631	46,794	(19,844)	(76,764)	353,817
Furniture and fittings	434,325	35,871	(14,385)	(56,421)	399,390
Renovation	610,550	121,036	(3)	(98,559)	633,024
Signboard	4,217	-	(1)	(780)	3,436
Tools and equipment	8,311	6,567	(3)	(4,844)	10,031
Computer and office equipment	461,835	161,197	(10,070)	(132,826)	480,136
Storage	435,628	230,754	(21)	(252,701)	413,660
Motor vehicles	976,523	-	-	(349,230)	627,293
Capital work-in-progress	1,526,000	546,730	-	-	2,072,730
	15,297,884	1,567,168	(44,327)	(1,823,780)	14,996,945

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2023 RM	Additions (Note 32(a)) RM	Transfer RM	Disposals RM	Written Off (Note 28) RM	Depreciation Charges (Note 28) RM	At 31.12.2023 RM
Audited							
FYE 31 December 2023							
<i>Carrying Amount</i>							
Plant and machinery	10,003,428	1,630,679	1,400,000	-	(90,131)	(1,059,548)	11,884,428
Laboratory equipment	353,817	1,228,421	-	(3,873)	-	(91,644)	1,486,721
Furniture and fittings	399,390	408,950	-	-	-	(73,451)	734,889
Renovation	633,024	474,514	-	-	-	(121,970)	985,568
Signboard	3,436	19,038	-	-	-	(1,274)	21,200
Tools and equipment	10,031	3,560	-	-	-	(2,859)	10,732
Computer and office equipment	480,136	854,577	546,730	-	(3,243)	(326,724)	1,551,476
Storage	413,660	48,014	-	(30,068)	-	(236,137)	195,469
Motor vehicles	627,293	238,869	-	-	-	(313,161)	553,001
Capital work-in-progress	2,072,730	57,021	(1,946,730)	-	(126,000)	-	57,021
	14,996,945	4,963,643	-	(33,941)	(219,374)	(2,226,768)	17,480,505

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

6. PLANT AND EQUIPMENT (CONT'D)

	At 1.1.2024 RM	Additions (Note 32(a)) RM	Transfer RM	Disposal RM	Written Off (Note 28) RM	Depreciation Charges (Note 28) RM	At 30.9.2024 RM
Audited							
FPE 30 September 2024							
<i>Carrying Amount</i>							
Plant and machinery	11,884,428	429,937	200,253	-	(6,580)	(873,330)	11,634,708
Laboratory equipment	1,486,721	1,394,061	-	-	(1,296)	(218,690)	2,660,796
Furniture and fittings	734,889	94,302	65,382	-	(215)	(80,154)	814,204
Renovation	985,568	472,244	89,333	-	-	(134,232)	1,412,913
Signboard	21,200	29,193	5,038	-	-	(4,194)	51,237
Tools and equipment	10,732	26,361	-	-	-	(4,372)	32,721
Computer and office equipment	1,551,476	275,910	110,198	-	(3,601)	(304,750)	1,629,233
Storage	195,469	76,951	-	(37,684)	-	(92,911)	141,825
Motor vehicles	553,001	1,039,718	-	-	-	(284,106)	1,308,613
Capital work-in-progress	57,021	7,111,332	(470,204)	-	-	-	6,698,149
	17,480,505	10,950,009	-	(37,684)	(11,692)	(1,996,739)	26,384,399

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
At 31 December 2021			
Plant and machinery	16,259,130	(5,822,266)	10,436,864
Laboratory equipment	1,363,104	(959,473)	403,631
Furniture and fittings	596,639	(162,314)	434,325
Renovation	1,674,014	(1,063,464)	610,550
Signboard	20,700	(16,483)	4,217
Tools and equipment	100,799	(92,488)	8,311
Computer and office equipment	908,203	(446,368)	461,835
Storage	992,504	(556,876)	435,628
Motor vehicles	1,746,152	(769,629)	976,523
Capital work-in-progress	1,526,000	-	1,526,000
	25,187,245	(9,889,361)	15,297,884
Audited			
At 31 December 2022			
Plant and machinery	16,379,582	(6,376,154)	10,003,428
Laboratory equipment	991,063	(637,246)	353,817
Furniture and fittings	601,561	(202,171)	399,390
Renovation	1,768,709	(1,135,685)	633,024
Signboard	12,700	(9,264)	3,436
Tools and equipment	62,780	(52,749)	10,031
Computer and office equipment	1,009,201	(529,065)	480,136
Storage	910,938	(497,278)	413,660
Motor vehicles	1,746,152	(1,118,859)	627,293
Capital work-in-progress	2,072,730	-	2,072,730
	25,555,416	(10,558,471)	14,996,945

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. PLANT AND EQUIPMENT (CONT'D)**

	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
Audited			
At 31 December 2023			
Plant and machinery	19,002,791	(7,118,363)	11,884,428
Laboratory equipment	2,205,817	(719,096)	1,486,721
Furniture and fittings	1,010,510	(275,621)	734,889
Renovation	2,243,223	(1,257,655)	985,568
Signboard	31,738	(10,538)	21,200
Tools and equipment	64,115	(53,383)	10,732
Computer and office equipment	2,361,130	(809,654)	1,551,476
Storage	752,849	(557,380)	195,469
Motor vehicles	1,985,022	(1,432,021)	553,001
Capital work-in-progress	57,021	-	57,021
	29,714,216	(12,233,711)	17,480,505
Audited			
At 30 September 2024			
Plant and machinery	19,615,304	(7,980,596)	11,634,708
Laboratory equipment	3,574,820	(914,024)	2,660,796
Furniture and fittings	1,169,913	(355,709)	814,204
Renovation	2,804,800	(1,391,887)	1,412,913
Signboard	65,968	(14,731)	51,237
Tools and equipment	90,476	(57,755)	32,721
Computer and office equipment	2,743,003	(1,113,770)	1,629,233
Storage	611,174	(469,349)	141,825
Motor vehicles	2,678,194	(1,369,581)	1,308,613
Capital work-in-progress	6,698,149	-	6,698,149
	40,051,801	(13,667,402)	26,384,399

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****6. PLANT AND EQUIPMENT (CONT'D)**

- (a) Included in the plant and equipment of the Group are the following assets held under hire purchase arrangements:-

	←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	2021 RM	2022 RM	2023 RM	2024 RM
Plant and machinery	-	-	-	557,690
Laboratory equipment	-	-	-	1,483,392
Motor vehicles	976,523	627,293	553,001	1,308,613
Capital work-in-progress	-	-	-	446,450
	<u>976,523</u>	<u>627,293</u>	<u>553,001</u>	<u>3,796,145</u>

These assets are pledged as security for the hire purchase payables of the Group as disclosed in Note 17.1 to the combined financial statements.

- (b) Included in the carrying amount of the plant and equipment of the Group was capital work-in-progress pledged to financial institution as security for the banking facilities granted to the Company as disclosed in Note 17.2 to the combined financial statements.

	←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	2021 RM	2022 RM	2023 RM	2024 RM
Capital work-in-progress	-	-	-	5,496,238
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,496,238</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****7. RIGHT-OF-USE ASSETS****Audited***Carrying Amount*

	Factory RM	Offices RM	Warehouses RM	Office equipment RM	Total RM
At 1.1.2021	2,120,354	235,594	215,674	-	2,571,622
Addition (Note 32(a))	-	-	2,599,234	-	2,599,234
Depreciation charges (Note 28)	(508,885)	(56,543)	(519,249)	-	(1,084,677)
At 31.12.2021/1.1.2022	1,611,469	179,051	2,295,659	-	4,086,179
Addition (Note 32(a))	-	-	2,673,584	-	2,673,584
Depreciation charges (Note 28)	(508,884)	(56,543)	(1,308,618)	-	(1,874,045)
Reassessment of lease liabilities (Note 16)	-	-	353,269	-	353,269
Derecognition due to lease modification	-	-	(423,931)	-	(423,931)
At 31.12.2022/1.1.2023	1,102,585	122,508	3,589,963	-	4,815,056
Additions (Note 32(a))	-	968,104	653,636	-	1,621,740
Depreciation charges (Note 28)	(508,885)	(250,528)	(1,747,916)	-	(2,507,329)
Derecognition due to lease modification	-	-	(18,726)	-	(18,726)
At 31.12.2023/1.1.2024	593,700	840,084	2,476,957	-	3,910,741
Addition	-	-	-	481,485	481,485
Depreciation charges (Note 28)	(381,665)	(264,012)	(1,312,273)	(173,721)	(2,131,671)
Reassessment of lease liabilities (Note 16)	-	-	382,751	-	382,751
At 30.9.2024	212,035	576,072	1,547,435	307,764	2,643,306

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****7. RIGHT-OF-USE ASSETS (CONT'D)**

The Group leases factory, offices, warehouses and office equipment of which the leasing activities are summarised below:-

- (a) Factory : The Group leased a factory for 5 years, with an option to renew the lease.
- (b) Offices : The Group leased several office buildings between 2 to 5 years, with an option to renew the lease.
- (c) Warehouses : The Group leased several warehouses between 1 to 3 years, with an option to renew the lease.
- (d) Office equipment : The Group leased a number of printers ranging from 23 months to 5 years, with an option to renew the lease.

8. OTHER INVESTMENT

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Golf club membership, at fair value	-	-	-	45,447

The Group has designated the golf club membership to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purpose.

9. INVENTORIES

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Finished goods	6,977,050	8,767,190	17,875,606	8,799,349
Raw materials	17,037,987	19,990,227	13,997,480	16,691,367
Packaging materials	395,277	78,603	406,399	171,314
Work-in-progress	444,583	295,835	1,004,305	1,625,721
Goods-in-transit	953,294	1,693,877	3,394,374	177,467
Consumables	72,610	24,203	264,032	218,510
	<u>25,880,801</u>	<u>30,849,935</u>	<u>36,942,196</u>	<u>27,683,728</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****9. INVENTORIES (CONT'D)**

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Recognised in profit or loss:-				
Inventories recognised as cost of sales	50,839,762	67,618,142	104,834,959	71,684,241
Inventories written off (Note 28)	99,781	184,501	196,776	-
Impairment losses on inventories (Note 28)	-	500,627	318,096	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

10. TRADE RECEIVABLES

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Trade receivables	23,654,080	41,086,866	65,659,305	33,159,714
Allowance for impairment losses (Note 38.1(b)(iii))	-	-	-	(29,829)
	<u>23,654,080</u>	<u>41,086,866</u>	<u>65,659,305</u>	<u>33,129,885</u>

The Group's normal trade credit terms are as follows:-

	← 2021 Days	Audited At 31 December 2022 Days	2023 Days →	Audited At 30 September 2024 Days
Credit terms	30 to 90	30 to 90	30 to 90	30 to 90
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Other receivables	107,825	551,120	39,056	218,317
Deposits	7,439,179	7,796,868	13,125,253	8,716,189
Prepayments	528,202	560,816	414,425	1,251,131
	<u>8,075,206</u>	<u>8,908,804</u>	<u>13,578,734</u>	<u>10,185,637</u>

Included in deposits are:-

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Cash collateral pledged as securities for term loan facility, trust receipts and Islamic revolving facilities (Notes 17.2, 17.3 and 17.5)	6,016,386	6,308,988	6,369,079	5,760,467
Cash deposits pledged as securities for bank guarantees facility	179,863	20,000	3,134,643	20,000
Deposit paid for purchase of leasehold factory building (Note 39(b))	-	-	600,000	600,000
Deposits paid to suppliers	-	-	33,800	1,414,596
Deposits paid to purchase plant and equipment	-	-	1,390,780	-
Sinking fund pledged as securities for term loans facility (Note 17.2)	600,000	600,000	-	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****12. CONTRACT ASSETS/(LIABILITIES)**

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Contract assets	-	-	-	4,509,754
Contract liabilities	-	(363,000)	(284,099)	(1,416)
	-	(363,000)	(284,099)	4,508,338

- (a) The contract assets primarily relate to the right to consideration for goods and services delivered but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.
- (b) The contract liabilities primarily relate to advances received from customers. The amount will be recognised as revenue when the performance obligations are satisfied.
- (c) The changes to contract asset and contract liability balances during the financial year/period are summarised as below:-

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
At 1 January	(195,343)	-	(363,000)	(284,099)
Cash received/ Amounts billed for unfulfilled performance obligations	-	(363,000)	(284,099)	(1,416)
Performance obligation performed	195,343	-	363,000	4,779,781
Others	-	-	-	14,072
At 31 December/ 30 September	-	(363,000)	(284,099)	4,508,338

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****13. AMOUNT OWING BY RELATED COMPANIES**

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Amount owing by a related company	1,391,544	-	-	-
Amount owing by a corporate shareholder	515,966	-	-	-
	<u>1,907,510</u>	<u>-</u>	<u>-</u>	<u>-</u>

- (a) The amounts owing were trade in nature.
- (b) The Group's normal trade credit terms were as follows:-

	← 2021 Days	Audited At 31 December 2022 Days	2023 Days →	Audited At 30 September 2024 Days
Credit terms	45 to 60	-	-	-

- (c) The amounts owing were to be settled in cash.

14. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The effective interest rates of fixed deposits at the end of the reporting periods were as follows:-

	← 2021 %	Audited At 31 December 2022 %	2023 % →	Audited At 30 September 2024 %
Effective interest rates	-	-	3.10 to 5.45	2.60 to 5.45

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****14. FIXED DEPOSITS WITH LICENSED BANKS (CONT'D)**

(b) The maturity period of fixed deposits at the end of the reporting periods were as follows:-

	← 2021 Month	Audited At 31 December 2022 Month	→ 2023 Month	Audited At 30 September 2024 Month
Maturity period	-	-	1 to 12	1 to 12

(c) The fixed deposits pledged as security for banking facilities granted to the Group at the end of the reporting period were as follows:-

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Fixed deposits pledged (Note 17.4)	-	-	1,000,000	2,700,000

15. SHARE CAPITAL AND INVESTED EQUITY

(a) Share Capital

	← 2021	Audited At 31 December 2022	→ 2023	Audited At 30 September 2024 Number of shares
Issued and Fully Paid- Up				
Ordinary Shares				
At Date of incorporation/ 1 January/ 31 December/ 30 September	100	100	100	100

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****15. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)****(a) Share Capital (Cont'd)**

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At Date of incorporation/ 1 January/ 31 December/ 30 September	100	100	100	100

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) Invested Equity

	← 2021	Audited At 31 December 2022	→ 2023	Audited At 30 September 2024 Number of shares
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January/ 31 December/ 30 September	5,900,000	5,900,000	5,900,000	5,900,000

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****15. SHARE CAPITAL AND INVESTED EQUITY (CONT'D)****(b) Invested Equity (Cont'd)**

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January/ 31 December/ 30 September	5,900,000	5,900,000	5,900,000	5,900,000

- (i) For the purpose of these combined financial statements, the invested equity at the end of the respective financial years/period represented the share capital of SSTCM.
- (ii) The holders of ordinary shares, except for certain shareholders with waiver rights (for the period specified in the SSA between Atreon and the respective shareholders for the acquisition of share capital in SSTCM), are entitled to receive dividends as and when declared by SSTCM and are entitled to one vote per share at meetings of SSTCM. The ordinary shares have no par value.
- (iii) 4,720,000 ordinary shares, representing 80% of the issued and fully paid-up share capital of SSTCM were pledged to the financial institution for the banking facilities granted to Atreon, holding company in relation to the acquisition of 2,360,000 ordinary shares by Atreon from TCM Chemicals Inc, previously a substantial shareholder of SSTCM.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****16. LEASE LIABILITIES**

	←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	2021 RM		2023 RM	
At 1 January	2,927,411	4,420,480	5,148,707	4,193,928
Additions during the financial year/period (Notes 7 and 32(a))	2,599,234	2,673,584	1,621,740	481,485
Interest expenses recognised in profit or loss (Note 28)	166,836	190,101	226,048	176,917
Changes due to reassessment of lease term (Notes 7 and 32(b))	-	353,269	-	382,751
Derecognition due to lease modification (Note 32(b))	-	(442,188)	(19,426)	-
Repayment of principal (Note 32(b))	(1,106,165)	(1,856,438)	(2,557,093)	(2,224,688)
Repayment of interest expenses	(166,836)	(190,101)	(226,048)	(176,917)
At 31 December/30 September	<u>4,420,480</u>	<u>5,148,707</u>	<u>4,193,928</u>	<u>2,833,476</u>
Analysed by:-				
Current liabilities	1,566,057	2,382,645	2,506,686	2,038,255
Non-current liabilities	2,854,423	2,766,062	1,687,242	795,221
	<u>4,420,480</u>	<u>5,148,707</u>	<u>4,193,928</u>	<u>2,833,476</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

17. BORROWINGS

		←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	Note		2021 RM	2023 RM	
Non-current					
Hire purchase payables	17.1		574,522	335,623	2,522,374
Term loans	17.2		1,862,507	1,066,459	3,186,714
			2,437,029	1,402,082	5,709,088
Current					
Hire purchase payables	17.1		283,118	238,898	710,068
Term loans	17.2		886,051	796,048	613,707
Trust receipts	17.3		4,000,876	6,577,288	-
Bankers' acceptances	17.4		2,662,000	2,687,000	20,515,268
Islamic revolving facilities	17.5		2,911,046	3,955,129	-
Receivables factoring	17.6		-	2,540,131	-
			10,743,091	16,794,494	21,839,043
			13,180,120	18,196,576	27,548,131

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

17. BORROWINGS (CONT'D)

17.1 HIRE PURCHASE PAYABLES

	<div> <div>←</div> <div>2021 RM</div> </div>	<div> <div>Audited At 31 December 2022 RM</div> <div>→</div> </div>	<div> <div>2023 RM</div> <div>→</div> </div>	<div> <div>Audited At 30 September 2024 RM</div> </div>
Minimum hire purchase payments:				
- not later than 1 year	310,512	255,715	239,761	864,829
- later than 1 year and not later than 5 years	604,191	348,475	320,897	2,768,649
	914,703	604,190	560,658	3,633,478
	(57,063)	(29,669)	(37,691)	(401,036)
Less: Future finance charges				
Present value of hire purchase payables	857,640	574,521	522,967	3,232,442
Analysed by:-				
Current liabilities	283,118	238,898	221,168	710,068
Non-current liabilities	574,522	335,623	301,799	2,522,374
	857,640	574,521	522,967	3,232,442

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.1 HIRE PURCHASE PAYABLES (CONT'D)**

The effective interest rates per annum at the end of the reporting period were as follows:-

	←	Audited At 31 December 2022 %	→	Audited At 30 September 2024 %
	2021 %		2023 %	
Hire purchase payables	3.39 to 4.48	3.39 to 4.48	3.39 to 6.50	3.39 to 6.50

The hire purchase payables of the Group are secured by:-

- (a) The Group's plant and equipment under leases as disclosed in Note 6(a) to the combined financial statements;
- (b) Jointly and severally guarantee by the Directors of the Group and the Company; and
- (c) Corporate guarantee by the holding company.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.2 TERM LOANS**

Details of the repayment terms are as follows:-

Term Loan	Monthly Instalment RM	Number of Monthly Instalments	Date of Commencement of Repayment	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
<u>Fixed rate term loan</u>							
1	56,324 #	34 #	31 January 2022 ^	1,673,010	1,119,893	-	-
2	16,664 #	11 #	31 January 2022 ^	136,916	-	-	-
3	19,637 #	54 #	31 January 2022 ^	938,632	742,614	543,038	382,659
				2,748,558	1,862,507	543,038	382,659
<u>Floating rate term loan</u>							
4	53,396	84	7 August 2024	-	-	-	3,417,762
				2,748,558	1,862,507	543,038	3,800,421
Analysed by:-							
Current liabilities				886,051	796,048	210,209	613,707
Non-current liabilities				1,862,507	1,066,459	332,829	3,186,714
				2,748,558	1,862,507	543,038	3,800,421

Notes:-

- # - Revised monthly instalment after loan moratorium.
- ^ - Revised date of commencement of repayment after loan moratorium.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.2 TERM LOANS (CONT'D)**

The effective interest rates per annum at the end of the reporting period were as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Term loans	3.50 to 7.00	3.50 to 7.00	3.50	3.50 to 7.50

For the FYE 31 December 2021 and 31 December 2022, the term loans 1 and 2 were secured by:-

- (a) Facilities agreement;
- (b) Deed of assignment of land and building of the holding company;
- (c) Fixed and floating charge by debenture on the existing and future assets including assets under financed;
- (d) Jointly and severally guarantee by certain Directors of the Group and the Company;
- (e) Cash collateral of RM200,000 via Letter of set-off as disclosed in Note 11 to the combined financial statements;
- (f) Cash collateral by sinking fund of RM600,000 via Letter of set-off as disclosed in Note 11 to the combined financial statements; and
- (g) Corporate guarantee by holding company.

For the FYE 31 December 2023 and FPE 30 September 2024, the term loan 3 are secured by:-

- (a) Facilities agreement;
- (b) Jointly and severally guarantee by certain Directors of the Group and the Company;
- (c) Guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (d) Corporate guarantee by holding company.

For the FPE 30 September 2024, the term loan 4 are secured by:-

- (a) Facilities agreement;
- (b) Jointly and severally guarantee by certain Directors of the Group and the Company;
- (c) Legal charge by debenture over the plant and equipment of the Group as disclosed in Note 6(b) to the combined financial statements; and
- (d) Corporate guarantee by holding company.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.2 TERM LOANS (CONT'D)**

For term loans 1 to 3, the licensed banks have granted the Group a moratorium period of 6 to 9 months for the monthly principal repayment of the term loans. It resulted in a revision of monthly repayment amount and extension of the tenure of the facility. The details are as follows:-

Term Loan	Moratorium Period	Original Monthly Repayment RM	Revised Monthly Repayment RM	Original Maturity Date	Extended Maturity Date
1	July 2021 to December 2021	62,873	56,324	November 2023	October 2024
2	July 2021 to December 2021	29,392	16,664	December 2021	November 2022
3	April 2021 to December 2021	18,509	19,637	November 2025	June 2026

17.3 TRUST RECEIPTS

The effective interest rates per annum at the end of the reporting period were as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Trust receipts	2.18 to 4.06	6.27 to 8.15	6.83 to 7.44	-

The trust receipts were secured by:-

- Corporate guarantee by the holding company;
- Jointly and severally guarantee by certain Directors of the Group and the Company; and
- Cash Collateral Agreement pertaining to the cash deposit amounting to RM5,360,467 equivalent to USD1,300,000 (FYE 31 December 2023 - RM5,969,079 equivalent to USD1,300,000, FYE 31 December 2022 - RM5,708,988 equivalent to USD1,300,000 and FYE 31 December 2021 - RM5,416,386 equivalent to USD1,300,000), being 20% security for the facility, as disclosed in Note 11 to the combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.4 BANKERS' ACCEPTANCES**

The effective interest rates per annum at the end of the reporting period were as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Bankers' acceptances	1.50 to 3.57	4.59 to 5.13	3.60 to 5.38	3.63 to 3.74

The bankers' acceptances are secured by:-

- (a) Jointly and severally guarantee for RM4,200,000 and RM30,000,000 (FYE 31 December 2023 - RM4,200,000 and RM10,000,000, FYE 31 December 2022 - RM4,200,000 and RM10,000,000 and FYE 31 December 2021 - RM4,200,000) by the Directors of the Group and the Company respectively;
- (b) 70% guarantee coverage of the RM3,800,000 facility from Syarikat Jaminan Pembiayaan Perniagaan Berhad;
- (c) Fixed deposits of RM2,700,000 (FYE 31 December 2023 - RM1,000,000, FYE 31 December 2022 - Nil and 31 December 2021 - Nil) pledged to a licensed bank, as disclosed in Note 14(c) to the combined financial statements; and
- (d) Corporate guarantee of RM30,000,000 (FYE 31 December 2023 - RM10,000,000, FYE 31 December 2022 - RM10,000,000 and FYE 31 December 2021 - Nil) by the holding company.

17.5 ISLAMIC REVOLVING FACILITIES

The effective interest rates per annum at the end of the reporting period were as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Islamic revolving facilities	6.70	7.35	-	-

The Islamic revolving facilities are secured by cash collateral of RM400,000 (FYE 31 December 2023 - RM400,000, FYE 31 December 2022 - RM400,000 and FYE 31 December 2021 - RM400,000) via Letter of set-off, as disclosed in Note 11 to the combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****17. BORROWINGS (CONT'D)****17.6 RECEIVABLES FACTORING**

The effective interest rates per annum at the end of the reporting period were as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Receivables factoring	-	5.11 to 6.85	5.31 to 7.58	-

The receivables factoring were secured by:-

- (a) Execution and completion of Receivables Purchase (Recourse) Agreement supported by Certified Board of Directors' resolution;
- (b) Jointly and severally guarantee for RM10,000,000 (FYE 31 December 2023 - RM10,000,000, FYE 31 December 2022 - RM10,000,000 and FYE 31 December 2021 - Nil) by certain Directors of the Group and the Company; and
- (c) Corporate guarantee of RM10,000,000 (FYE 31 December 2023 - RM10,000,000, FYE 31 December 2022 - RM10,000,000 and FYE 31 December 2021 - Nil) by the holding company.

18. GOVERNMENT GRANT

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
At 1 January	1,271,414	1,690,414	1,867,012	1,761,489
Received during the year/period	490,000	282,121	-	1,252,179
Amortisation during the year/period (Note 28)	(71,000)	(105,523)	(105,523)	(196,156)
At 31 December/ 30 September	1,690,414	1,867,012	1,761,489	2,817,512
Analysed by:-				
Current liabilities	71,000	105,523	105,523	205,203
Non-current liabilities	1,619,414	1,761,489	1,655,966	2,612,309
	1,690,414	1,867,012	1,761,489	2,817,512

Government grant has been received for the purchase of certain items of plant and equipment. There are no unfulfilled conditions or contingencies attached to this grant.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****19. DEFERRED TAX LIABILITIES**

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
At 1 January	1,869,480	2,010,025	1,797,113	1,797,113
Recognised in the profit or loss (Note 29)	140,545	(212,912)	-	(557,500)
At 31 December/ 30 September	2,010,025	1,797,113	1,797,113	1,239,613

The components of the deferred tax liabilities are attributable to the following:-

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Deferred tax liability:-				
Accelerated capital allowances over depreciation	2,033,514	1,820,205	1,820,205	2,133,740
Deferred tax assets:-				
Unrealised loss on foreign exchange	-	-	-	(690,134)
Others	(23,489)	(23,092)	(23,092)	(203,993)
	(23,489)	(23,092)	(23,092)	(894,127)
	2,010,025	1,797,113	1,797,113	1,239,613

20. TRADE PAYABLES

The normal trade credit terms granted to the Group were as follows:-

	← 2021 Days	Audited At 31 December 2022 Days	→ 2023 Days	Audited At 30 September 2024 Days
Credit terms	30 to 90	30 to 90	30 to 90	30 to 90

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. OTHER PAYABLES AND ACCRUALS**

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Other payables	3,043,498	3,169,036	1,641,371	812,271
Accruals	2,542,837	11,302,166	10,494,504	2,840,442
Other tax payables	-	1,595,312	122,380	30,202
	<u>5,586,335</u>	<u>16,066,514</u>	<u>12,258,255</u>	<u>3,682,915</u>

(a) Included in other payables is:-

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Payment of IDR4,000,000,000 made on behalf by a third party for the subscription of shares in the investment in joint venture	1,168,000	1,128,000	-	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****21. OTHER PAYABLES AND ACCRUALS (CONT'D)**

(b) Included in accruals are:-

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Directors' remuneration	317,652	4,932,008	159,829	164,304
Staff costs	621,801	4,203,315	6,657,512	1,629,556

22. AMOUNT OWING TO A RELATED PARTY

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

23. AMOUNT OWING TO DIRECTORS

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

24. DIVIDEND PAYABLE

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
<u>For the FYE 31 December 2022</u>				
Interim dividend of RM0.85 per ordinary share	-	5,000,000	-	-
<u>For the FYE 31 December 2023</u>				
Interim dividend of RM1.36 per ordinary share	-	-	8,000,000	-
	-	5,000,000	8,000,000	-

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

25. DERIVATIVE LIABILITIES

	Audited			Audited	Audited			Audited
	Contract/Notional Amount			Contract/Notional Amount				
	←	At 31 December	→	At 30 September	←	At 31 December	→	At 30 September
	2021 RM	2022 RM	2023 RM	2024 RM	2021 RM	2022 RM	2023 RM	2024 RM
Forward currency contract	-	-	-	2,478,061	-	-	-	176,841

Forward currency contract is used to hedge the Group's purchases denominated in Euro (EUR) for which firm commitments existed at the end of the reporting period. The settlement date of the forward currency contract is 2 (FYE 31 December 2023 - Nil, FYE 31 December 2022 - Nil and FYE 31 December 2021 - Nil) months after the end of the reporting period.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

26. REVENUE

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 2023 RM	Audited 30 September 2024 RM
Revenue from Contracts with Customers					
<u>Recognised at a point in time</u>					
Sale of goods	94,592,821	132,512,120	189,479,578	124,885,794	125,100,480
<u>Recognised over time</u>					
Services rendered	492,440	6,781,799	4,287,771	3,038,095	2,894,298
	<u>95,085,261</u>	<u>139,293,919</u>	<u>193,767,349</u>	<u>127,923,889</u>	<u>127,994,778</u>
Revenue from Other Source					
Rental of equipment	624,690	6,522,583	5,015,755	3,562,255	2,711,611
Rental of warehouse	15,163	-	-	-	-
	<u>639,853</u>	<u>6,522,583</u>	<u>5,015,755</u>	<u>3,562,255</u>	<u>2,711,611</u>
	<u>95,725,114</u>	<u>145,816,502</u>	<u>198,783,104</u>	<u>131,486,144</u>	<u>130,706,389</u>

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 36 to the combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****26. REVENUE (CONT'D)**

- (b) The information about the performance obligations in contracts with customers is summarised below:-

<u>Nature of Goods or Services</u>	<u>Timing and Method of Revenue Recognition</u>	<u>Significant Payment Terms</u>	<u>Variable Consideration</u>	<u>Warranty and Obligation for Returns or Refunds</u>
Sale of goods	When goods have been delivered and accepted by customers or in accordance with the Incoterms agreed by customers.	Credit period of 30 to 90 days from the invoice date.	Not applicable	Not applicable
Service rendered	When services are rendered. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.	Credit period of 30 to 90 days from the invoice date.	Not applicable	Not applicable

- (c) The information of the revenue from other source is summarised below:-

Rental income

Rental income is recognised on an accrual basis.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****27. IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 2023 RM	Audited 30 September 2024 RM
Impairment losses on trade receivables (Note 38.1(b)(iii))	-	-	-	-	29,829

28. PROFIT BEFORE TAXATION

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 2023 RM	Audited 30 September 2024 RM
Profit before taxation is arrived at after charging/(crediting):-					
Auditors' remuneration:					
- statutory audit fees:					
- for the financial year/period	52,000	55,600	81,600	3,000	61,500
- underprovision in the previous financial year	1,680	-	8,000	8,000	400
- non-statutory audit fee:					
- for the financial year/period	-	-	-	-	65,600
- non-audit fee	-	6,000	-	-	-
Depreciation:					
- plant and equipment (Note 6)	2,542,800	1,823,780	2,226,768	1,611,752	1,996,739
- right-of-use assets (Note 7)	1,084,677	1,874,045	2,507,329	1,822,613	2,131,671
Directors' remuneration (Note 33(a))	4,277,671	9,106,200	6,839,223	4,605,180	5,103,946
Impairment losses on inventories (Note 9)	-	500,627	318,096	318,096	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****28. PROFIT BEFORE TAXATION (CONT'D)**

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Interest expense on financial liabilities not at fair value through profit or loss:					
- bank overdrafts	6,006	1,558	5,798	4,335	4,320
- hire purchase payables (Note 32(b))	26,365	27,394	23,535	17,299	65,426
- term loans (Note 32(b))	119,347	216,246	102,087	91,178	70,912
- others	326,387	746,097	1,128,311	861,244	677,689
Interest expense on lease liabilities (Notes 16 and 32(b))	166,836	190,101	226,048	169,939	176,917
Lease expenses:					
- low-value assets	23,200	2,000	-	-	908
- short-term leases	893,116	2,628,300	1,200,265	814,530	492,408
Provision for tax penalty:					
- for the financial year	-	1,100,000	-	-	-
- overprovision in the previous financial Year	-	-	(1,056,500)	-	-
Staff costs (including other key management personnel as disclosed in Note 33(b)):					
- salaries, wages, bonuses and allowances	7,871,630	13,206,991	17,737,447	12,187,525	14,866,396
- defined contribution benefits	866,493	1,356,697	2,025,359	1,429,752	1,547,393
- other benefits	1,233,200	2,223,955	1,998,133	1,424,040	1,450,481

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****28. PROFIT BEFORE TAXATION (CONT'D)**

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-					
Written off:					
- inventories (Note 9)	99,781	184,501	196,776	196,776	-
- plant and equipment (Note 6)	9,234	44,327	219,374	132,696	11,692
Amortisation of government grant (Note 18)	(71,000)	(105,523)	(105,523)	(79,142)	(196,156)
Gain on modification of leases	-	(18,257)	(700)	(700)	-
(Gain)/Loss on disposal of plant and equipment	(59,162)	(5,000)	33,141	3,125	(52,327)
Interest income	(23,403)	(31,621)	(381,324)	(80,474)	(473,336)
Loss/(Gain) on foreign exchange:					
- realised	460,843	(915,691)	(3,161,228)	(2,143,829)	2,703,476
- unrealised	(979,964)	492,854	630,546	(1,165,885)	4,173,396

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

29. INCOME TAX EXPENSE

	←	Audited FYE 31 December 2022 RM	→	Unaudited 9-Month FPE 30 September 2023 RM	Audited September 2024 RM
	2021 RM		2023 RM		
Current tax:					
- for the financial year/period	2,635,721	6,804,350	10,786,078	8,756,409	5,099,781
- under/(over)provision in the previous financial year	465,186	314,594	(24,532)	420,718	(626,875)
	<u>3,100,907</u>	<u>7,118,944</u>	<u>10,761,546</u>	<u>9,177,127</u>	<u>4,472,906</u>
Deferred tax (Note 19):					
- relating to origination and reversal of temporary differences	313,136	174,868	-	-	(557,500)
- overprovision in the previous financial year	(172,591)	(387,780)	-	-	-
	<u>140,545</u>	<u>(212,912)</u>	<u>-</u>	<u>-</u>	<u>(557,500)</u>
	<u>3,241,452</u>	<u>6,906,032</u>	<u>10,761,546</u>	<u>9,177,127</u>	<u>3,915,406</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****29. INCOME TAX EXPENSE (CONT'D)**

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group is as follows:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 2024 RM
Profit before taxation	12,331,291	23,695,806	41,377,626	34,396,754	14,412,078
Tax at the statutory tax rate of 24%	2,959,510	5,686,993	9,930,630	8,255,221	3,458,899
Tax effects of:-					
Non-deductible expenses	143,143	1,502,197	1,375,324	2,226,163	1,144,420
Non-taxable income	(42,317)	(209,972)	(519,876)	(883,539)	(61,038)
Tax effect of utilisation of reinvestment allowance	(111,479)	-	-	-	-
Under/(Over)provision in the previous financial year:					
- current tax	465,186	314,594	(24,532)	(420,718)	(626,875)
- deferred tax	(172,591)	(387,780)	-	-	-
Income tax expense for the financial year/period	3,241,452	6,906,032	10,761,546	9,177,127	3,915,406

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year/period.

Reinvestment allowance is an incentive given to Malaysian resident companies involved in the manufacturing sector and selected agricultural sector to incentivise these companies to reinvest and grow their businesses. The allowance is given for 15 years from year 2019. The allowance is computed at 60% of qualifying capital expenditure incurred and can be utilised against 70% of statutory income.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****30. EARNINGS PER SHARE****(a) Basic Earnings Per Share**

The basic earnings per share is arrived at by dividing the profit attributed to owners of the Company by the weighted average number of ordinary shares in issue during the financial year/period as follows:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 2024 RM
Profit after taxation attributable to owner of the Company	9,089,839	16,789,774	30,616,080	25,219,627	10,496,672
Weighted average number of ordinary shares in issue	5,900,100	5,900,100	5,900,100	5,900,100	5,900,100
Basic earnings per share (RM)	1.54	2.85	5.19	4.27	1.78

(b) Diluted Earnings Per Share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year/period.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

31. DIVIDENDS

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Ordinary shares					
<u>For the FYE 31 December 2021</u>					
Dividend of RM0.34 per ordinary share	-	2,000,000	-	-	-
<u>For the FYE 31 December 2022</u>					
Dividend of RM0.85 per ordinary share	-	5,000,000	-	-	-
<u>For the FYE 31 December 2023</u>					
Dividend of RM0.68 per ordinary share	-	-	4,000,000	4,000,000	-
Dividend of RM1.69 per ordinary share	-	-	10,000,000	-	-
Dividend of RM1.36 per ordinary share	-	-	8,000,000	-	-
	-	7,000,000	22,000,000	4,000,000	-

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of plant and equipment and the additions of right-of-use assets are as follows:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Plant and equipment					
Cost of plant and equipment purchased (Note 6)	4,459,421	1,567,168	4,963,643	2,585,345	10,950,009
Less: Acquired through hire purchase arrangements (Note 32(b))	(400,000)	-	(208,501)	(208,501)	(3,049,975)
Less: Acquired through term loan (Note 32(b))	-	-	-	-	(3,481,238)
	<u>4,059,421</u>	<u>1,567,168</u>	<u>4,755,142</u>	<u>2,376,844</u>	<u>4,418,796</u>
Right-of-use assets					
Cost of right-of-use assets acquired (Note 7)	2,599,234	2,673,584	1,621,740	881,996	864,236
Less: Additions of new leases liabilities (Note 32(b))	(2,599,234)	(2,673,584)	(1,621,740)	(881,996)	(481,485)
Less: Reassessment of lease liabilities (Note 32(b))	-	-	-	-	(382,751)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Lease Liabilities RM	Amount Owing to Holding Company RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2021										
At 1 January	3,625,486	667,823	1,276,295	668,000	744,752	2,927,411	20,758	-	16,893	9,947,418
<u>Changes in Financing Cash Flows</u>										
Advances from Proceeds from drawdown	-	-	-	-	-	-	-	5,000	15,517	20,517
Repayment of principal	-	-	33,325,488	5,197,000	7,306,970	-	-	-	-	45,829,458
Repayment of interests	(876,928)	(210,183)	(30,654,098)	(3,203,000)	(5,140,676)	(1,106,165)	-	-	-	(41,191,050)
Repayment to	(119,347)	(26,365)	(162,545)	(49,194)	(114,648)	(166,836)	-	-	-	(638,935)
	-	-	-	-	-	-	(20,758)	-	-	(20,758)
	(996,275)	(236,548)	2,508,845	1,944,806	2,051,646	(1,273,001)	(20,758)	5,000	15,517	3,999,232

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Lease Liabilities RM	Amount Owing to Holding Company RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2021 (Cont'd)										
<u>Other Changes</u>										
Addition of plant and equipment (Note 32(a))	-	400,000	-	-	-	-	-	-	-	400,000
Addition of new leases (Notes 16 and 32(a))	-	-	-	-	-	2,599,234	-	-	-	2,599,234
Expenses paid on behalf by	-	-	-	-	-	-	-	5,054	-	5,054
Interest expense recognised in profit or loss (Note 28)	119,347	26,365	162,545	49,194	114,648	166,836	-	-	-	638,935
Unrealised loss on foreign exchange difference	-	-	53,191	-	-	-	-	-	-	53,191
	119,347	426,365	215,736	49,194	114,648	2,766,070	-	5,054	-	3,696,414
At 31 December	2,748,558	857,640	4,000,876	2,662,000	2,911,046	4,420,480	-	10,054	32,410	17,643,064

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2022										
At 1 January	2,748,558	857,640	4,000,876	2,662,000	2,911,046	-	4,420,480	10,054	32,410	17,643,064
<u>Changes in Financing Cash Flows</u>										
Proceeds from drawdown	-	-	37,176,342	6,733,000	9,707,143	49,437,131	-	-	-	103,053,616
Repayment of principal	(886,051)	(283,119)	(34,159,924)	(6,708,000)	(8,663,060)	(46,873,248)	(1,856,438)	-	-	(99,429,840)
Repayment of interests	(216,246)	(27,394)	(441,192)	(75,025)	(137,185)	(92,695)	(190,101)	-	-	(1,179,838)
Repayment to directors	-	-	-	-	-	-	-	-	(23,170)	(23,170)
	(1,102,297)	(310,513)	2,575,226	(50,025)	906,898	2,471,188	(2,046,539)	-	(23,170)	2,420,768

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2022 (Cont'd)										
<u>Other Changes</u>										
Additions of new leases (Notes 16 and 32(a))	-	-	-	-	-	-	2,673,584	-	-	2,673,584
Reassessment of lease (Note 16)	-	-	-	-	-	-	353,269	-	-	353,269
Derecognition due to lease modification (Note 16)	-	-	-	-	-	-	(442,188)	-	-	(442,188)
Interest expense recognised in profit or loss (Note 28)	216,246	27,394	441,192	75,025	137,185	92,695	190,101	-	-	1,179,838
Unrealised gain on foreign exchange difference	-	-	(440,006)	-	-	(23,752)	-	-	-	(463,758)
	216,246	27,394	1,186	75,025	137,185	68,943	2,774,766	-	-	3,300,745
At 31 December	1,862,507	574,521	6,577,288	2,687,000	3,955,129	2,540,131	5,148,707	10,054	9,240	23,364,577

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2023										
At 1 January	1,862,507	574,521	6,577,288	2,687,000	3,955,129	2,540,131	5,148,707	10,054	9,240	23,364,577
<u>Changes in Financing Cash Flows</u>										
Payment on behalf by	-	-	-	-	-	-	-	19,545	-	19,545
Proceeds from Drawdown	-	-	36,014,497	28,659,065	1,796,062	35,832,050	-	-	-	102,301,674
Repayment of Principal	(1,319,469)	(260,055)	(35,260,391)	(21,369,585)	(5,751,191)	(35,871,160)	(2,557,093)	-	-	(102,388,944)
Repayment of Interests	(102,087)	(23,535)	(722,105)	(242,511)	(128,395)	(35,300)	(226,048)	-	-	(1,479,981)
	(1,421,556)	(283,590)	32,001	7,046,969	(4,083,524)	(74,410)	(2,783,141)	19,545	-	(1,547,706)

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FYE 31 December 2023 (Cont'd)										
<u>Other Changes</u>										
Addition of plant and equipment (Note 32(a))	-	208,501	-	-	-	-	-	-	-	208,501
Additions of new leases (Notes 16 and 32(a))	-	-	-	-	-	-	1,621,740	-	-	1,621,740
Derecognition due to lease modification (Note 16)	-	-	-	-	-	-	(19,426)	-	-	(19,426)
Expenses claimed	-	-	-	-	-	-	-	-	12,861	12,861
Interest expense recognised in profit or loss (Note 28)	102,087	23,535	722,105	242,511	128,395	35,300	226,048	-	-	1,479,981
Unrealised loss/ (gain) on foreign exchange difference	-	-	469,538	-	-	(149,042)	-	-	-	320,496
	102,087	232,036	1,191,643	242,511	128,395	(113,742)	1,828,362	-	12,861	3,624,153
At 31 December	543,038	522,967	7,800,932	9,976,480	-	2,351,979	4,193,928	29,599	22,101	25,441,024

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Unaudited FPE 30 September 2023										
At 1 January	1,862,507	574,521	6,577,288	2,687,000	3,955,129	2,540,131	5,148,707	10,054	9,240	23,364,577
<u>Changes in Financing Cash Flows</u>										
Payment on behalf by	-	-	-	-	-	-	-	14,545	-	14,545
Proceeds from	-	-	33,228,455	21,594,062	1,796,062	-	-	-	-	56,618,579
Drawdown	(1,271,469)	(194,903)	(30,824,135)	(14,016,081)	(3,955,129)	(2,540,131)	(1,851,042)	-	-	(54,652,890)
Repayment of Principal	(91,178)	(17,299)	(577,026)	(158,870)	(107,222)	(18,126)	(169,939)	-	-	(1,139,660)
Repayment of interests	-	-	-	-	-	-	-	-	(9,240)	(9,240)
Repayment to directors	(1,362,647)	(212,202)	1,827,294	7,419,111	(2,266,289)	(2,558,257)	(2,020,981)	14,545	(9,240)	831,334

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Unaudited FPE 30 September 2023 (Cont'd)										
<u>Other Changes</u>										
Addition of plant and equipment (Note 32(a))	-	208,501	-	-	-	-	-	-	-	208,501
Additions of new leases (Notes 16 and 32(a))	-	-	-	-	-	-	881,996	-	-	881,996
Derecognition due to lease modification (Note 16)	-	-	-	-	-	-	(700)	-	-	(700)
Interest expense recognised in profit or loss (Note 28)	91,178	17,299	577,026	158,870	107,222	18,126	169,939	-	-	1,139,660
Unrealised loss on foreign exchange difference	-	-	422,261	-	-	-	-	-	-	422,261
	91,178	225,800	999,287	158,870	107,222	18,126	1,051,235	-	-	2,651,718
At 30 September	591,038	588,119	9,403,869	10,264,981	1,796,062	-	4,178,961	24,599	-	26,847,629

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

32. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FPE 30 September 2024										
At 1 January	543,038	522,967	7,800,932	9,976,480	-	2,351,979	4,193,928	29,599	22,101	25,441,024
<u>Changes in Financing Cash Flows</u>										
Proceeds from drawdown	-	-	10,785,523	37,465,538	1,754,818	15,481,000	-	-	-	65,486,879
Repayment of principal	(223,855)	(340,500)	(18,586,455)	(26,926,750)	(1,754,818)	(17,832,979)	(2,224,688)	-	-	(67,890,045)
Repayment of interests	(70,912)	(65,426)	(258,432)	(338,326)	(39,643)	(41,288)	(176,917)	-	-	(990,944)
Repayment to	-	-	-	-	-	-	-	(29,599)	(22,101)	(51,700)
	(294,767)	(405,926)	(8,059,364)	10,200,462	(39,643)	(2,393,267)	(2,401,605)	(29,599)	(22,101)	(3,445,810)

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM	Hire Purchase Payables RM	Trust Receipts RM	Bankers' Acceptances RM	Islamic Revolving Facilities RM	Receivables Factoring RM	Lease Liabilities RM	Amount Owing to A Related Party RM	Amount Owing to Directors RM	Total RM
Audited FPE 30 September 2024 (Cont'd)										
<u>Other Changes</u>										
Additions of plant and equipment (Note 32(a))	3,481,238	3,049,975	-	-	-	-	-	-	-	6,531,213
Additions of new leases (Notes 16 and 32(a))	-	-	-	-	-	-	481,485	-	-	481,485
Reassessment of lease (Notes 16 and 32(a))	-	-	-	-	-	-	382,751	-	-	382,751
Interest expense recognised in profit or loss (Note 28)	70,912	65,426	258,432	338,326	39,643	41,288	176,917	-	-	990,944
	3,552,150	3,115,401	258,432	338,326	39,643	41,288	1,041,153	-	-	8,386,393
At 30 September	3,800,421	3,232,442	-	20,515,268	-	-	2,833,476	-	-	30,381,607

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****32. CASH FLOW INFORMATION (CONT'D)**

(c) The total cash outflows for leases as a lessee are as follows:-

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Payment of short-term leases	893,116	2,628,300	1,200,265	849,573	492,408
Payment of low-value assets	23,200	2,000	-	-	908
Interest paid on lease liabilities	166,836	190,101	226,048	169,939	176,917
Payment of lease liabilities	1,106,165	1,856,438	2,557,093	1,851,042	2,224,688
	<u>2,189,317</u>	<u>4,676,839</u>	<u>3,983,406</u>	<u>2,870,554</u>	<u>2,894,921</u>

(d) The cash and cash equivalents comprise the following:-

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Fixed deposits with licensed banks (Note 14)	-	-	14,770,000	19,936,500	10,944,000
Cash and bank balances	6,829,477	23,872,361	10,284,273	16,836,531	12,409,942
	<u>6,829,477</u>	<u>23,872,361</u>	<u>25,054,273</u>	<u>36,773,031</u>	<u>23,353,942</u>
Less: Fixed deposits pledged with licensed banks (Note 14(c))	-	-	(1,000,000)	(1,000,000)	(2,700,000)
	<u>6,829,477</u>	<u>23,872,361</u>	<u>24,054,273</u>	<u>35,773,031</u>	<u>20,653,942</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group include executive directors and non-executive directors of the Group and certain members of senior management of the Group.

The key management personnel compensation during the financial year/period are as follows:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 2024 RM
(a) <u>Directors</u>					
Short-term employee benefits:					
- fees	-	-	-	-	177,560
- Salaries, bonuses, allowances and other benefits	3,868,063	8,118,401	6,103,458	4,117,259	4,415,117
	3,868,063	8,118,401	6,103,458	4,117,259	4,592,677
Defined contribution benefits	409,608	987,799	735,765	487,921	511,269
Total directors' remuneration (Note 28)	4,277,671	9,106,200	6,839,223	4,605,180	5,103,946
(b) <u>Other Key Management Personnel</u>					
Salaries, bonuses and allowances	-	-	1,696,778	624,207	1,663,291
Defined contribution benefits	-	-	118,797	53,323	230,482
Other benefits	-	-	1,834	347	2,607
Total compensation for other key management personnel (Note 28)	-	-	1,817,409	677,877	1,896,380

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****33. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)**

The estimated monetary value of benefits-in-kind provided by the Group to the Directors of the Group were as follows:-

	←	Audited FYE 31 December 2022 RM	→	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Benefits-in-kind	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
	50,800	99,850	99,008	74,298	84,682

34. RELATED PARTY DISCLOSURES**(a) Holding Company**

The holding company is disclosed in Note 2 to the combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****34. RELATED PARTY DISCLOSURES (CONT'D)****(b) Significant Related Party Transactions and Balances**

Other than those disclosed elsewhere in the combined financial statements, the Group also carried out the following significant transactions with the related parties during the financial year/period:-

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 30 September 2023 RM	Audited 2024 RM
Holding company					
Deposit paid on lease rental	-	-	31,500	31,500	-
Dividends declared	-	7,000,000	22,000,000	4,000,000	-
Expenses paid on behalf of	55,200	33,871	16,672	15,945	28,108
Expenses paid on behalf by	-	-	19,031	16,253	-
Management fee	-	1,488,000	-	-	-
Purchase of plant and equipment	986,575	-	-	-	18,460
Rental expense	-	-	98,500	56,500	94,500
Sales of plant and equipment	4,490	-	-	-	-
Secondment fee charged	577,483	1,399,668	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
A corporate shareholder					
Consultancy fee paid/payable	803,182	199,529	-	-	-
Purchases	10,778	-	-	-	-
Sales return	194,257	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

	←	Audited FYE 31 December	→	Unaudited 9-Month FPE 30 September	Audited 30 September
	2021 RM	2022 RM	2023 RM	2023 RM	2024 RM
A related company					
Purchases	333,151	9,537	-	-	-
Sales	2,944,062	706,819	-	-	-
Transportation charged	12,299	-	-	-	-
	_____	_____	_____	_____	_____
Related parties					
Consultancy fee paid/payable	531,242	125,490	-	-	-
Payment on behalf by	10,054	-	19,545	-	-
	_____	_____	_____	_____	_____

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the combined financial statements.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****35. CAPITAL COMMITMENTS**

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Purchase of:				
- plant and equipment	14,000	147,506	5,396,072	5,274,968
- leasehold factory building	-	-	18,900,000	18,900,000
- leasehold corporate office building	-	-	-	23,900,000
- leasehold warehouse building	-	-	-	16,300,000
	14,000	147,506	24,296,072	64,374,968

As at 31 December 2023, an earnest deposit of RM600,000 has been paid to purchase the leasehold building as disclosed in Notes 11 and 39(b) to the combined financial statements.

36. OPERATING SEGMENTS

In determining the geographical segments of the Group, segment revenue is based on the final destination of the goods delivered and these are:-

- (i) Malaysia;
- (ii) Thailand;
- (iii) Indonesia;
- (iv) Saudi Arabia;
- (v) Oman; and
- (vi) Others: these consist of segments which cover mainly Australia, China, Kuwait and United Arab Emirates of which individually fall below the 10% threshold of a reportable segment.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. OPERATING SEGMENTS (CONT'D)**

(a) Geographical Segments

	Malaysia RM	Thailand RM	Indonesia RM	Saudi Arabia RM	Oman RM	Others RM	Total RM
Audited FYE 31 December 2021							
<u>Segment revenue</u>							
Sales to external customers	29,914,712	14,061,235	15,024,707	3,558,976	13,662,599	19,502,885	95,725,114
Profit before taxation							12,331,291
Income tax expense							(3,241,452)
Profit after taxation							9,089,839
Audited FYE 31 December 2022							
<u>Segment revenue</u>							
Sales to external customers	47,829,841	16,792,788	15,023,949	28,758,562	13,754,514	23,656,848	145,816,502
Profit before taxation							23,695,806
Income tax expense							(6,906,032)
Profit after taxation							16,789,774

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. OPERATING SEGMENTS (CONT'D)****(a) Geographical Segments (Cont'd)**

	Malaysia RM	Thailand RM	Indonesia RM	Saudi Arabia RM	Oman RM	Others RM	Total RM
Audited							
FYE 31 December 2023							
<u>Segment revenue</u>							
Sales to external customers	61,098,371	35,145,693	21,023,400	38,885,958	19,417,137	23,212,545	198,783,104
Profit before taxation							41,377,626
Income tax expense							(10,761,546)
Profit after taxation							30,616,080
	Malaysia RM	Thailand RM	Indonesia RM	Saudi Arabia RM	Oman RM	Others RM	Total RM
Unaudited							
FPE 30 September 2023							
<u>Segment revenue</u>							
Sales to external customers	18,907,400	26,182,333	16,291,517	36,753,550	16,799,944	16,551,400	131,486,144
Profit before taxation							34,396,754
Income tax expense							(9,177,127)
Profit after taxation							25,219,627

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

36. OPERATING SEGMENTS (CONT'D)

(a) Geographical Segments (Cont'd)

	Malaysia RM	Thailand RM	Indonesia RM	Saudi Arabia RM	Oman RM	Others RM	Total RM
Audited FPE 30 September 2024							
<u>Segment revenue</u>							
Sales to external customers	28,172,618	37,889,599	20,628,914	9,296,075	7,865,795	26,853,388	130,706,389
Profit before taxation							14,412,078
Income tax expense							(3,915,406)
Profit after taxation							10,496,672

There are no segment results, assets and capital expenditure presented as the Group does not have a legal presence in any other country other than Malaysia.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****36. OPERATING SEGMENTS (CONT'D)****(b) Business Segments**

No business segment information has been presented as the Group is mainly involved in the manufacture and sale of specialty industrial chemicals and oilfield specialty chemicals and additives and provision of production chemicals and integrity chemicals, production enhancement chemicals and refinery chemicals and services which are substantially within a single business segment.

(c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Unaudited 9-Month FPE 30 September 2023 RM	Audited 2024 RM
Customer A	35,976,391	55,981,906	79,092,775	66,873,735	27,525,422
Customer B	14,214,483	29,667,572	51,034,988	40,105,769	40,605,675
Customer C	13,760,940	#	#	#	#
Customer D	#	23,814,643	42,400,909	8,740,373	14,398,344
Customer E	#	#	#	#	19,629,322

Note:-

- Contributed less than 10% of the Group's total revenue.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****37. FOREIGN EXCHANGE RATES**

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	←	Audited At 31 December 2022 RM	→	Audited At 30 September 2024 RM
	2021 RM	2022 RM	2023 RM	
USD	4.1650	4.3900	4.5900	4.1220
EUR	N/A	N/A	5.0768	4.6183
GBP	N/A	5.2926	N/A	N/A
IDR	0.0292	0.0282	N/A	N/A
CNY	N/A	N/A	N/A	0.5878
SGD	N/A	N/A	N/A	3.2204

38. FINANCIAL INSTRUMENTS

The activities of the Group are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk**(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. The currency giving rise to this risk are primarily USD, EUR, GBP, IDR, CNY and SGD. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

	United States Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
Audited				
At 31 December 2021				
<u>Financial Assets</u>				
Trade receivables	15,541,150	-	8,112,930	23,654,080
Other receivables	-	-	107,825	107,825
Amount owing by related companies	515,966	-	1,391,544	1,907,510
Cash and bank balances	3,361,994	-	3,467,483	6,829,477
	19,419,110	-	13,079,782	32,498,892

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
Audited				
At 31 December 2021				
<u>Financial Liabilities</u>				
Trade payables	3,045,282	-	4,697,118	7,742,400
Other payables and accruals	69,416	1,181,392	4,335,527	5,586,335
Amount owing to a related party	-	-	10,054	10,054
Amount owing to directors	-	-	32,410	32,410
Lease liabilities	-	-	4,420,480	4,420,480
Hire purchase payables	-	-	857,640	857,640
Term loans	-	-	2,748,558	2,748,558
Trust receipts	4,000,876	-	-	4,000,876
Bankers' acceptances	-	-	2,662,000	2,662,000
Islamic revolving facilities	-	-	2,911,046	2,911,046
	7,115,574	1,181,392	22,674,833	30,971,799
Net financial assets/(liabilities)	12,303,536	(1,181,392)	(9,595,051)	1,527,093

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Indonesian Rupiah RM	British Pound Sterling RM	Ringgit Malaysia RM	Total RM
Audited					
At 31 December 2022					
<u>Financial Assets</u>					
Trade receivables	33,293,163	-	-	7,793,703	41,086,866
Other receivables	-	-	-	551,120	551,120
Cash and bank balances	7,869,095	-	-	16,003,266	23,872,361
	41,162,258	-	-	24,348,089	65,510,347

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Exposure (Cont'd)*

	United States Dollar RM	Indonesian Rupiah RM	British Pound Sterling RM	Ringgit Malaysia RM	Total RM
Audited At 31 December 2022					
<u>Financial Liabilities</u>					
Trade payables	4,614,346	-	-	7,190,686	11,805,032
Other payables and accruals	237,519	1,128,000	11,760	13,093,923	14,471,202
Amount owing to a related party	-	-	-	10,054	10,054
Amount owing to directors	-	-	-	9,240	9,240
Lease liabilities	-	-	-	5,148,707	5,148,707
Hire purchase payables	-	-	-	574,521	574,521
Term loans	-	-	-	1,862,507	1,862,507
Trust receipts	6,577,288	-	-	-	6,577,288
Bankers' acceptances	-	-	-	2,687,000	2,687,000
Islamic revolving facilities	-	-	-	3,955,129	3,955,129
Receivables factoring	1,930,939	-	-	609,192	2,540,131
Dividend payable	-	-	-	5,000,000	5,000,000
	13,360,092	1,128,000	11,760	40,140,959	54,640,811
Net financial assets/(liabilities)	27,802,166	(1,128,000)	(11,760)	(15,792,870)	10,869,536

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
Audited				
At 31 December 2023				
<u>Financial Assets</u>				
Trade receivables	23,320,275	-	42,339,030	65,659,305
Other receivables	-	-	39,056	39,056
Fixed deposits with licensed banks	13,770,000	-	1,000,000	14,770,000
Cash and bank balances	6,301,955	-	3,982,318	10,284,273
	43,392,230	-	47,360,404	90,752,634

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Ringgit Malaysia RM	Total RM
Audited				
At 31 December 2023				
<u>Financial Liabilities</u>				
Trade payables	5,536,794	26,553,059	5,995,147	38,085,000
Other payables and accruals	475,746	-	11,660,129	12,135,875
Amount owing to a related party	-	-	29,599	29,599
Amount owing to directors	-	-	22,101	22,101
Lease liabilities	-	-	4,193,928	4,193,928
Hire purchase payables	-	-	522,967	522,967
Term loans	-	-	543,038	543,038
Trust receipts	7,800,932	-	-	7,800,932
Bankers' acceptances	-	-	9,976,480	9,976,480
Receivables factoring	385,684	-	1,966,295	2,351,979
Dividend payable	-	-	8,000,000	8,000,000
	14,199,156	26,553,059	42,909,684	83,661,899
Net financial assets/(liabilities)	29,193,074	(26,553,059)	4,450,720	7,090,735

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Chinese Yuan RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
Audited						
At 30 September 2024						
<u>Financial Assets</u>						
Other investment	-	-	-	-	45,447	45,447
Trade receivables	29,165,917	-	-	-	3,963,968	33,129,885
Other receivables	65,626	-	30,425	-	122,266	218,317
Fixed deposits with licensed banks	8,244,000	-	-	-	2,700,000	10,944,000
Cash and bank balances	9,183,617	42,343	-	-	3,183,982	12,409,942
	46,659,160	42,343	30,425	-	10,015,663	56,747,591

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	United States Dollar RM	Euro RM	Chinese Yuan RM	Singapore Dollar RM	Ringgit Malaysia RM	Total RM
Audited						
At 30 September 2024						
<u>Financial Liabilities</u>						
Trade payables	842,600	5,527,569	-	-	1,409,372	7,779,541
Other payables and accruals	-	-	-	172	3,652,541	3,652,713
Lease liabilities	-	-	-	-	2,833,476	2,833,476
Hire purchase payables	-	-	-	-	3,232,442	3,232,442
Term loans	-	-	-	-	3,800,421	3,800,421
Bankers' acceptances	-	-	-	-	20,515,268	20,515,268
Derivative liabilities	-	176,841	-	-	-	176,841
	842,600	5,704,410	-	172	35,443,520	41,990,702
Net financial assets/(liabilities)	45,816,560	(5,662,067)	30,425	(172)	(25,427,857)	14,756,889

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	← 2021 RM	Audited FYE 31 December 2022 RM	→ 2023 RM	Audited FPE 30 September 2024 RM
Effects on Profit After Taxation/ Other Comprehensive Income				
USD/RM				
- strengthened by 5%	467,534	1,056,482	1,109,337	1,741,029
- weakened by 5%	(467,534)	(1,056,482)	(1,109,337)	(1,741,029)
EUR/RM				
- strengthened by 5%	-	-	(1,009,016)	(215,159)
- weakened by 5%	-	-	1,009,016	215,159

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(i) Foreign Currency Risk (Cont'd)***Foreign Currency Risk Sensitivity Analysis (Cont'd)*

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Audited FPE 30 September 2024 RM
Effects on Profit After Taxation/ Other Comprehensive Income				
GBP/RM				
- strengthened by 5%	-	(447)	-	-
- weakened by 5%	-	447	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
IDR/RM				
- strengthened by 5%	(44,893)	(42,864)	-	-
- weakened by 5%	44,893	42,864	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

	<div> ← </div> 2021 RM	<div> Audited FYE 31 December 2022 RM </div>	<div> → </div> 2023 RM	<div> Audited FPE 30 September 2024 RM </div>
Effects on Profit After Taxation/ Other Comprehensive Income				
CNY/RM				
- strengthened by 5%	-	-	-	1,156
- weakened by 5%	-	-	-	(1,156)
SGD/RM				
- strengthened by 5%	-	-	-	(7)
- weakened by 5%	-	-	-	7

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(a) Market Risk (Cont'd)****(ii) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group adopt a policy of obtaining the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The fixed rate debt instruments of the Group are not subject to interest rate risk since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 17 to the combined financial statements.

The interest rate risk profile of the Group's interest-bearing financial instruments based on the carrying amounts at the end of the reporting period are as follows:-

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Fixed Rate Instruments				
Fixed deposits with licensed banks	-	-	14,770,000	10,944,000
Hire purchase payables	(857,640)	(574,521)	(522,967)	(3,232,442)
Term loans	(2,748,558)	(1,862,507)	(543,038)	(382,659)
	<u>(3,606,198)</u>	<u>(2,437,028)</u>	<u>13,703,995</u>	<u>7,328,899</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Floating Rate Instruments				
Term loans	-	-	-	(3,417,762)
Trust receipts	(4,000,876)	(6,577,288)	(7,800,932)	-
Bankers' acceptances	(2,662,000)	(2,687,000)	(9,976,480)	(20,515,268)
Islamic revolving facilities	(2,911,046)	(3,955,129)	-	-
Receivables factoring	-	(2,540,131)	(2,351,979)	-
	<u>(9,573,922)</u>	<u>(15,759,548)</u>	<u>(20,129,391)</u>	<u>(23,933,030)</u>

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis instrument to a reasonably possible change in the interest rate at the end of the reporting period, with all other variables held constant:-

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Effects on Profit After Taxation				
Increase of 100 basis points	(72,762)	(119,773)	(152,983)	(181,891)
Decrease of 100 basis points	72,762	119,773	152,983	181,891

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted debt investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Also, the Group's exposure to credit risk includes corporate guarantee given to financial institutions for credit facilities granted to holding company. The Group monitors the ability of the holding company to serve their loans on an individual basis.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risks relates to the amount owing by trade receivables (including amount owing by related companies (trade balances)) at the end of the reporting period are as follows:-

	← 2021	Audited At 31 December 2022	→ 2023	Audited At 30 September 2024
Number of customers	3	3	1	4
Percentage over total receivables	46%	45%	45%	65%

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(ii) Maximum Exposure to Credit Risk**

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Group's maximum exposure to credit risk also includes corporate guarantees provided to its holding company, representing the outstanding banking facilities of the holding company as at the end of the reporting period. The details are as follows:-

	← 2021 RM	Audited At 31 December 2022 RM	2023 RM →	Audited At 30 September 2024 RM
Corporate guarantees to holding company	17,188,284	16,361,663	15,504,480	-

These corporate guarantees have not been recognised in the Group's financial statements since their fair values on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost, is credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:-

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation

The Group considers a receivable to be in default when the receivables are unlikely to repay its debt to the Group in full or is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more a lagging default criterion is more appropriate.

Trade Receivables, Contract assets and Amount Owing by Related Companies (Trade balances)

The Group applies the simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled goods and services delivered and have substantially the same risk characteristics as trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables, Contract assets and Amount Owing by Related Companies (Trade balances) (Cont'd)*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The expected loss rates are based on the payment profiles of sales over 9 months (FYE 31 December 2023 - 12 months, FYE 31 December 2022 - 12 months and FYE 31 December 2021 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the simplified approach. The Group has identified the Consumer Price Index, as the key macroeconomic factor of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

The reconciliations of allowance for impairment losses are as follows:-

	Credit Impaired RM
<u>Trade receivables</u>	
Balance at 1.1.2021	-
Additions (Note 27)	-
	<hr/>
Balance at 31.12.2021/1.1.2022 (Note 10)	-
Additions (Note 27)	-
	<hr/>
Balance at 31.12.2022/1.1.2023	-
Additions (Note 27)	-
	<hr/>
Balance at 31.12.2023/1.1.2024 (Note 10)	-
Additions (Note 27)	29,829
	<hr/>
Balance at 30.9.2024 (Note 10)	29,829
	<hr/>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables, Contract Assets and Amount Owing by Related Companies (Trade balances) (Cont'd)*Allowance for Impairment Losses (Cont'd)*

The information about the credit exposure and loss allowances recognised for trade receivables, contract assets and amount owing by related companies are as follows:-

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited				
At 31 December 2021				
Current (not past due)	14,758,613	-	-	14,758,613
Less than 3 months past due	9,507,491	-	-	9,507,491
3 to 6 months past due	624,281	-	-	624,281
Over 6 months past due	671,205	-	-	671,205
	<u>25,561,590</u>	-	-	<u>25,561,590</u>
Represented by:-				
Trade receivables				23,654,080
Amount owing by related companies				<u>1,907,510</u>
				<u>25,561,590</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables, Contract Assets and Amount Owing by Related Companies (Trade balances) (Cont'd)*Allowance for Impairment Losses (Cont'd)*

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited				
At 31 December 2022				
Current (not past due)	34,674,602	-	-	34,674,602
Less than 3 months				
past due	6,092,674	-	-	6,092,674
3 to 6 months past due	319,590	-	-	319,590
	<u>41,086,866</u>	-	-	<u>41,086,866</u>

Represented by:-
Trade receivables
Amount owing by
related companies

41,086,866

-

41,086,866**Audited
At 31 December 2023**

Current (not past due)	51,560,660	-	-	51,560,660
Less than 3 months				
past due	12,731,008	-	-	12,731,008
3 to 6 months past due	1,043,491	-	-	1,043,491
Over 6 months	324,146	-	-	324,146
	<u>65,659,305</u>	-	-	<u>65,659,305</u>

Represented by:-
Trade receivables
Amount owing by
related companies

65,659,305

-

65,659,305

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Trade Receivables, Contract Assets and Amount Owing by Related Companies (Trade balances) (Cont'd)*Allowance for Impairment Losses (Cont'd)*

	Gross Amount RM	Lifetime Individual Allowance RM	Lifetime Collective Allowance RM	Carrying Amount RM
Audited At 30 September 2024				
Current (not past due)	24,232,998	-	-	24,232,998
Less than 3 months past due	7,239,474	-	-	7,239,474
3 to 6 months past due	1,567,926	-	-	1,567,926
Over 6 months	89,487	-	-	89,487
Credit impaired	29,829	(29,829)	-	-
Trade receivables	33,159,714	(29,829)	-	33,129,885
Contract assets	4,509,754	-	-	4,509,754
	37,669,468	(29,829)	-	37,639,639
Represented by:-				
Trade receivables				33,129,885
Contract assets				4,509,754
Amount owing by related companies				-
				37,639,639

Trade receivables that are individually determined to be impaired relate to debtors who are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

There has not been any significant change in the gross amounts of trade receivables and contract assets that impacted the allowance for impairment losses.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

The Group applies the 3-stage general approach in measuring expected credit losses for its other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-month expected credit losses
Underperforming	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. The remaining receivables are grouped based on shared credit risk characteristics and assessed on a collective basis.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS
38. FINANCIAL INSTRUMENTS (CONT'D)
38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)
(b) Credit Risk (Cont'd)
(iii) Assessment of Impairment Losses (Cont'd)
Other Receivables (Cont'd)
Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)****(b) Credit Risk (Cont'd)****(iii) Assessment of Impairment Losses (Cont'd)**Financial Guarantee Contracts

Corporate guarantees for borrowing facilities granted to holding company are financial guarantee contract.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Group closely monitors the holding company's financial strength to reduce the risk of loss.

The Group considers there is a significant increase in credit risk when the holding company's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:

- The holding company is unlikely to repay its obligation to the bank in full; or
- The holding company is having a deficit in equity and is continuously loss making.

The Group determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for Impairment Losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited						
At 31 December 2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	7,742,400	7,742,400	7,742,400	-	-
Other payables and accruals	-	5,586,335	5,586,335	5,586,335	-	-
Amount owing to a related party	-	10,054	10,054	10,054	-	-
Amount owing to directors	-	32,410	32,410	32,410	-	-
Hire purchase payables	3.39 - 4.48	857,640	914,703	310,512	604,191	-
Lease liabilities	5.01	4,420,480	4,672,500	1,700,500	2,972,000	-
Term loans	3.50 - 7.00	2,748,558	3,158,735	1,094,874	2,063,861	-
Trust receipts	2.18 - 4.06	4,000,876	4,000,876	4,000,876	-	-
Bankers' acceptances	1.50 - 3.57	2,662,000	2,662,000	2,662,000	-	-
Islamic revolving facilities	6.70	2,911,046	2,911,046	2,911,046	-	-
Financial guarantee contracts in relation to corporate guarantee given to holding company #	-	-	17,188,284	826,622	3,441,262	12,920,400
		30,971,799	48,879,343	26,877,629	9,081,314	12,920,400

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited						
At 31 December 2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	11,805,032	11,805,032	11,805,032	-	-
Other payables and accruals	-	14,471,202	14,471,202	14,471,202	-	-
Amount owing to a related party	-	10,054	10,054	10,054	-	-
Amount owing to directors	-	9,240	9,240	9,240	-	-
Hire purchase payables	3.39 - 4.48	574,521	604,190	255,715	348,475	-
Lease liabilities	5.01 - 6.40	5,148,707	5,443,360	2,573,240	2,870,120	-
Term loans	3.50 - 7.00	1,862,507	2,063,860	911,524	1,152,336	-
Trust receipts	6.27 - 8.15	6,577,288	6,577,288	6,577,288	-	-
Bankers' acceptances	4.59 - 5.13	2,687,000	2,687,000	2,687,000	-	-
Islamic revolving facilities	7.35	3,955,129	3,955,129	3,955,129	-	-
Receivables factoring	5.11 - 6.85	2,540,131	2,540,131	2,540,131	-	-
Dividend payable	-	5,000,000	5,000,000	5,000,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to holding company #	-	-	16,361,663	857,183	3,445,440	12,059,040
		54,640,811	71,528,149	51,652,738	7,816,371	12,059,040

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited						
At 31 December 2023						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	38,085,000	38,085,000	38,085,000	-	-
Other payables and accruals	-	12,135,875	12,135,875	12,135,875	-	-
Amount owing to a related party	-	29,599	29,599	29,599	-	-
Amount owing to directors	-	22,101	22,101	22,101	-	-
Hire purchase payables	3.39 - 6.50	522,967	560,658	239,761	320,897	-
Lease liabilities	5.01 - 6.05	4,193,928	4,417,420	2,664,540	1,752,880	-
Term loans	3.50	543,038	592,512	235,639	356,873	-
Trust receipts	6.83 - 7.44	7,800,932	7,800,932	7,800,932	-	-
Bankers' acceptances	3.60 - 5.38	9,976,480	9,976,480	9,976,480	-	-
Receivable factoring	5.31 - 7.58	2,351,979	2,351,979	2,351,979	-	-
Dividend payable	-	8,000,000	8,000,000	8,000,000	-	-
Financial guarantee contracts in relation to corporate guarantee given to holding company #	-	-	15,504,480	861,360	3,517,220	11,125,900
		83,661,899	99,477,036	82,403,266	5,947,870	11,125,900

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
Audited						
At 30 September 2024						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	7,779,541	7,779,541	7,779,541	-	-
Other payables and accruals	-	3,652,713	3,652,713	3,652,713	-	-
Hire purchase payables	3.39 - 6.50	3,232,442	3,633,478	864,829	2,768,649	-
Lease liabilities	4.78 - 6.61	2,833,476	2,977,000	2,062,755	914,245	-
Term loans	3.50 - 7.50	3,800,421	4,790,856	876,393	3,380,501	533,962
Bankers' acceptances	3.63 - 3.74	20,515,268	20,515,268	20,515,268	-	-
<u>Derivative Financial Liabilities</u>						
Derivative liabilities	-	176,841	176,841	176,841	-	-
		41,990,702	43,525,697	35,928,340	7,063,395	533,962

Note:-

- # - The contractual undiscounted cash flows represent the outstanding credit facilities of the holding company at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair values on initial recognition were not material.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.2 CAPITAL RISK MANAGEMENT (CONT'D)**

The Group manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenant and regulatory requirements, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period is as follows:-

	←	Audited At 31 December 2022	→	Audited At 30 September 2024
	2021 RM	RM	2023 RM	RM
Lease liabilities (Note 16)	4,420,480	5,148,707	4,193,928	2,833,476
Hire purchase payables (Note 17.1)	857,640	574,521	522,967	3,232,442
Term loans (Note 17.2)	2,748,558	1,862,507	543,038	3,800,421
Trust receipts (Note 17.3)	4,000,876	6,577,288	7,800,932	-
Bankers' acceptances (Note 17.4)	2,662,000	2,687,000	9,976,480	20,515,268
Islamic revolving facilities (Note 17.5)	2,911,046	3,955,129	-	-
Receivables factoring (Note 17.6)	-	2,540,131	2,351,979	-
	17,600,600	23,345,283	25,389,324	30,381,607
Less: Cash and cash equivalents (Note 32(d))	(6,829,477)	(23,872,361)	(24,054,273)	(20,653,942)
Net debt/(cash)	10,771,123	(527,078)	1,335,051	9,727,665
Total equity	52,410,600	62,200,374	70,816,454	81,313,126
Debt-to-equity ratio	0.21	Not applicable	0.02	0.12

There was no change in the approach to capital management during the financial year/period.

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Financial Assets				
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>				
Other investment	-	-	-	45,447
<u>Amortised Cost</u>				
Trade receivables (Note 10)	23,654,080	41,086,866	65,659,305	33,129,885
Other receivables (Note 11)	107,825	551,120	39,056	218,317
Amount owing by related companies (Note 13)	1,907,510	-	-	-
Fixed deposits with licensed banks (Note 14)	-	-	14,770,000	10,944,000
Cash and bank balances	6,829,477	23,872,361	10,284,273	12,409,942
	<u>32,498,892</u>	<u>65,510,347</u>	<u>90,752,634</u>	<u>56,702,144</u>

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	← 2021 RM	Audited At 31 December 2022 RM	→ 2023 RM	Audited At 30 September 2024 RM
Financial Liabilities				
<u>Fair Value Through Profit or Loss</u>				
Derivative liabilities	-	-	-	176,841
<u>Amortised Cost</u>				
Trade payables (Note 20)	7,742,400	11,805,032	38,085,000	7,779,541
Other payables and accruals (Note 21)	5,586,335	14,471,202	12,135,875	3,652,713
Amount owing to a related party (Note 22)	10,054	10,054	29,599	-
Amount owing to directors (Note 23)	32,410	9,240	22,101	-
Hire purchase payables (Note 17.1)	857,640	574,521	522,967	3,232,442
Term loans (Note 17.2)	2,748,558	1,862,507	543,038	3,800,421
Trust receipts (Note 17.3)	4,000,876	6,577,288	7,800,932	-
Bankers' acceptances (Note 17.4)	2,662,000	2,687,000	9,976,480	20,515,268
Islamic revolving facilities (Note 17.5)	2,911,046	3,955,129	-	-
Receivables factoring (Note 17.6)	-	2,540,131	2,351,979	-
Dividend payables (Note 24)	-	5,000,000	8,000,000	-
	26,551,319	49,492,104	79,467,971	38,980,385

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	← 2021 RM	Audited FYE 31 December 2022 RM	2023 RM →	Unaudited 9-Month FPE 30 September 2023 RM	Audited 30 September 2024 RM
Financial Asset					
<u>Amortised Cost</u>					
Net gains/(losses) recognised in profit or loss	588,570	948,817	3,138,241	3,808,018	(5,709,054)
Financial Liabilities					
<u>Fair Value Through Profit or Loss</u>					
Net losses recognised in profit or loss	-	-	-	-	(176,841)
<u>Amortised Cost</u>					
Net losses recognised in profit or loss	(524,151)	(1,485,654)	(1,485,966)	(1,391,886)	(1,341,239)

38.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated its carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.5 FAIR VALUE INFORMATION (CONT'D)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
Audited								
At 31 December 2021								
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	2,748,558	-	2,748,558	2,748,558
Hire purchase payables	-	-	-	-	857,640	-	857,640	857,640
Audited								
At 31 December 2022								
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	1,862,507	-	1,862,507	1,862,507
Hire purchase payables	-	-	-	-	574,521	-	574,521	574,521

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.5 FAIR VALUE INFORMATION (CONT'D)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM	RM	RM
Audited								
At 31 December 2023								
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	543,038	-	543,038	543,038
Hire purchase payables	-	-	-	-	522,967	-	522,967	522,967

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****38. FINANCIAL INSTRUMENTS (CONT'D)****38.5 FAIR VALUE INFORMATION (CONT'D)**

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
Audited								
At 30 September 2024								
<u>Financial Asset</u>								
Other investment	-	-	45,447	-	-	-	45,447	45,447
<u>Financial Liabilities</u>								
Term loans:								
- fixed rate	-	-	-	-	382,659	-	382,659	382,659
- floating rate	-	-	-	-	3,417,762	-	3,417,762	3,417,762
Hire purchase payables	-	-	-	-	3,232,442	-	3,232,442	3,232,442
Derivative liabilities	-	176,841	-	-	-	-	176,841	176,841

13. ACCOUNTANTS' REPORT (CONT'D)

SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair value for golf club membership is estimated based on references to current available quotations of the same investments.
- (ii) There was no transfer between level 1 and level 2 during the financial period.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the term loan that carry floating interest rate approximated its carrying amount as it is repriced to market interest rate on or near the reporting date.
- (ii) The fair value of term loan and hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	← 2021 %	Audited At 31 December 2022 %	→ 2023 %	Audited At 30 September 2024 %
Term loans (fixed rate)	3.50 to 7.00	3.50 to 7.00	3.50	3.50
Hire purchase payables	3.39 to 4.48	3.39 to 4.48	3.39 to 6.50	3.39 to 6.50

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD
NOTES TO THE COMBINED FINANCIAL STATEMENTS****39. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

- (a) On 6 January 2023, the shareholders of PT. Tricon have initiated the liquidation process. The liquidation of PT. Tricon was completed on 30 January 2023.
- (b) On 29 March 2023, the Group entered into a Sale and Purchase Agreement with Earthwood Furniture Sdn. Bhd. for the purchase of a factory and office located at No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor Darul Ehsan for a total purchase consideration of RM19,500,000.

As at 31 December 2023, an earnest deposit of RM600,000 has been paid as disclosed in Note 11 to the combined financial statements.

The Group currently leased the factory and office from Earthwood Furniture Sdn. Bhd. and the purchase transaction will take place either upon expiry of the lease period in February 2026 or upon the completion of the Sale and Purchase Agreement, whichever occurs first.

- (c) On 28 February 2024, Sumisaujana carried out subdivision of every 1 existing ordinary share into 16 ordinary shares. Following the subdivision, the issued share capital of the Company is RM100 comprising 1,600 ordinary shares.
- (d) On 29 February 2024, Sumisaujana entered into a conditional SSA with the vendors of SSTCM to acquire the entire issued share capital of SSTCM comprising 5,900,000 ordinary shares for a purchase consideration of RM70,850,000.

The purchase consideration of RM70,850,000 was based on the net assets of the SSTCM as at 31 December 2023, which amounted to RM70,849,305. The purchase consideration will be fully satisfied by the issuance of 1,133,600,000 new ordinary shares at an issue price of RM0.0625 per share in Sumisaujana to the vendors of SSTCM in equal proportion to their existing shareholdings in SSTCM.

On 5 December 2024, the SSA became unconditional upon the fulfilment of the conditions precedent of the SSA. In consequent thereof, SSTCM became a wholly-owned subsidiary of the Company and consolidated under the reorganisation scheme.

- (e) On 21 June 2024, SSTCM has obtained the consent from SME Bank to release and discharge the corporate guarantee provided to Atreon for the Commodity Murabahah Term Financing-i (CMTF-i) facility of up to RM27,761,000.
- (f) On 12 July 2024, SSTCM entered into two Sale and Purchase agreements with Atreon Holdings Sdn. Bhd. for the following purchases:-
 - (i) The acquisition of New Puncak Alam Corporate Office for a total purchase consideration of RM23,900,000 to be satisfied entirely in cash; and
 - (ii) The acquisition of New Puncak Alam Warehouse for a total purchase consideration of RM16,300,000 to be satisfied entirely in cash.
- (g) On 5 December 2024, the Company obtained conditional approval from Bursa Securities for the listing of and quotation for the entire enlarged issue share capital of the Company on the ACE Market of Bursa Securities.

13. ACCOUNTANTS' REPORT (CONT'D)**SUMISAUJANA GROUP BERHAD****STATEMENT BY DIRECTORS**

We, Norazlam Bin Norbi and Toh Chee Seng, being two of the directors of Sumisaujana Group Berhad, state that, in the opinion of the directors, the combined financial statements set out on pages 4 to 122 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Prospectus Guidelines so as to give a true and fair view of the combined financial position of the Group as of 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024 and of its combined financial performance and combined cash flows for the financial years and period then ended 31 December 2021, 31 December 2022, 31 December 2023 and 30 September 2024.

Signed in accordance with a resolution of the directors dated **27 FEB 2025**

**Norazlam Bin Norbi****Toh Chee Seng**

14. ADDITIONAL INFORMATION

14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted, issued or transferred on the basis of this Prospectus later than 6 months after the date of issue of this Prospectus.
- (ii) As at the LPD, we only have 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Sections 4.2.1, 6.1.2 and 6.1.3 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the Financial Periods Under Review and up to the date of this Prospectus.
- (iv) As at the date of this Prospectus, save for our Issue Shares reserved for the subscription by the Eligible Persons as disclosed in Section 4.2.1.4 of this Prospectus, there is currently no other scheme involving the Directors and employees of our Group in the share capital of our Company or our Subsidiary.
- (v) We have not agreed, conditionally or unconditionally, to put the share capital of our Company or our Subsidiary under option.
- (vi) As at the date of this Prospectus, neither we nor our Subsidiary have any outstanding warrants, options, convertible securities or uncalled capital.

14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions as disclosed in Sections 14.2, 14.3 and 14.4 of this Prospectus will bear the same meanings used in our Constitution unless they are otherwise defined herein or the context otherwise requires.

Words	Meaning
"Act"	Means the Companies Act, 2016, as amended, substituted or re-enacted from time to time.
"Annual General Meeting"	Means a meeting of the Company required to be held pursuant to Section 340 of the Act.
"Auditors"	Means the auditors of the Company.
"Board" or "Board of Directors"	Means the board of directors for the time being of the Company.
"Board Meeting"	Means a meeting of the Directors of the Company.
"Bursa Securities"	Means Bursa Malaysia Securities Berhad.
"Company"	Means Sumisaujana Group Berhad (Registration No. 202101023259 (1423559-T)).
"Constitution"	The constitution of the Company as constituted by this document, or as altered from time to time by a special resolution.

14. ADDITIONAL INFORMATION (CONT'D)

"Deposited Security"	Means a security standing to the credit of a Securities Account and includes a security in a Securities Account that is in suspense.
"Depositor"	Means a holder of a Securities Account.
"Depository"	Means Bursa Malaysia Depository Sdn Bhd.
"Directors"	Means the directors for the time being of the Company (inclusive of alternate or nominee directors).
"General Meeting"	Means a meeting of Members of the Company.
"Listing Requirements"	Means ACE Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time.
"Member"	<p>Means:</p> <p>(a) a person whose name is entered in the Register of Members as the holder for the time being of one or more shares in the Company; and/or</p> <p>(b) a Depositor whose name appears in the Record of Depositors as the holder for the time being of one or more shares in the Company.</p> <p>Shares include ordinary shares, preference shares or other type of shares that may be issued and allotted by the Company from time to time.</p>
"Office"	Means the registered office of the Company.
"Record of Depositors"	Means a record provided by the Depository to the Company under Chapter 24.0 of the Rules.
"Register of Members"	Means the record of members of the Company kept and maintained pursuant to Section 50 of the Act.
"Registrar"	Means the Registrar of Companies designated under Section 20A(1) of the Companies Commission of Malaysia Act, 2001.
"Rules"	Means the Rules of Depository, including any amendment that may be made from time to time.
"Security" or "Securities"	Has the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007.
"Securities Account"	Means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
"Shareholder"	Means a holder of one or more share(s) in the Company.

14. ADDITIONAL INFORMATION (CONT'D)

14.2.1 Remuneration of our Directors

Clause 84 – Remuneration

A Managing Director or an Executive Director shall, subject to the terms of any agreement entered into in any particular case, receive such remuneration (whether by way of salary, bonus, commission, or participation in profits, or partly in one way and partly in another and other benefits) as the Board of Directors may determine.

Clause 93 – Remuneration of Directors

- (1) The Company may from time to time by an ordinary resolution passed at a General Meeting, approve the remuneration of the Directors, who hold non-executive office with the Company, for their services as non-executive Directors.
- (2) Subject to Clause 84, the fees of the Directors and any benefits payable to the Directors shall be subject to annual shareholders' approval at a General Meeting.
- (3) If the fee of each such non-executive Director is not specifically fixed by the Members, then the quantum of fees to be paid to each non-executive Director within the overall limits fixed by the Members, shall be decided by resolution of the Board. In default of any decision being made in this respect by the Board, the fees payable to the non-executive Directors shall be divided equally amongst themselves and such a Director holding office for only part of a year shall be entitled to a proportionate part of a full year's fees. The non-executive Directors shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover.
- (4) The following expenses shall be determined by the Directors:
 - (a) traveling, hotel and other expenses properly incurred by the Directors in attending and returning from meetings of the Directors or any committee of the Directors or General Meetings of the Company or in connection with the business of the Company; and
 - (b) other expenses properly incurred by the Directors arising from the requirements imposed by the authorities to enable the Directors to effectively discharge their duties.
- (5) Executive Directors of the Company shall be remunerated in the manner referred to in Clause 84 but such remuneration shall not include a commission on or percentage of turnover.

14.2.2 Voting and borrowing power of Directors

Clause 94 – Powers of Directors

- (1) The business and affairs of the Company shall be managed by or under the direction and supervision of the Directors who may pay all expenses incurred in promoting and registering the Company.
- (2) The Directors may exercise all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company except any power that the Act or by this Constitution requires the Company to exercise in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

14. ADDITIONAL INFORMATION (CONT'D)Clause 95 – Powers of Directors

Without limiting the generality of Clause 94(1) and (2), the Directors may, subject to the Act and the Listing Requirements, exercise all the powers of the Company to do all or any of the following for any debt, liability, or obligation of the Company or of any third party:

- (1) borrow money;
- (2) mortgage or charge its undertaking, property, and uncalled capital, or any part of the undertaking, property and uncalled capital;
- (3) issue debentures and other Securities whether outright or as security; and/or
- (4)
 - (a) lend and advance money or give credit to any person or company;
 - (b) guarantee and give guarantees or indemnities for the payment of money or the performance of contracts or obligations by any person or company;
 - (c) secure or undertake in any way the repayment of moneys lent or advanced to or the liabilities incurred by any person or company;

and otherwise to assist any person or company.

Clause 105 – Directors' interest in contracts

- (a) A Director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.
- (b) Every Director shall observe the provisions of Sections 221 and 222 of the Act relating to the disclosure of the interest of the Directors in contracts or proposed contracts with the Company or of any office or property held by the Directors which might create duties or interest in conflict with their duties or interest as Directors and participation in discussion and voting. Such disclosure of material personal interest by the Directors shall be in the form of a notice. Such notice shall be in the form and manner prescribed under Section 221 of the Act.

Clause 118 – Voting at board meetings

- (1) Subject to this Constitution, questions arising at a Board Meeting shall be decided by a majority of votes of Directors present and voting and any such decision shall for all purposes be deemed a decision of the Directors.
- (2) Each Director is entitled to cast one (1) vote on each matter for determination.

Clause 119 – Casting vote

In the case of an equality of votes, the chairperson of the Board Meeting is entitled to a second or casting vote, except where two (2) Directors form a quorum, the chairperson of a meeting at which only such a quorum is present, or at which only two (2) Directors are competent to vote on the question at issue shall not have a casting vote.

14. ADDITIONAL INFORMATION (CONT'D)**14.2.3 Changes in capital and rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**Clause 46 – Alteration of capital

- (1) The Company may from time to time by ordinary resolution and subject to other applicable laws or requirements:
 - (a) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived; or
 - (b) subdivide its shares or any of them into shares, whichever is in the subdivision; the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.
- (2) The Company may from time to time by special resolution and subject to other applicable requirements:
 - (a) cancel shares which, at the date of the passing of the resolution in that regard, 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 or in such other manner allowed by law; or
 - (b) reduce its share capital in such manner permitted by law, and (where applicable) subject to the relevant required approvals being obtained.
- (3) The Company shall have the power, subject to and in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines in respect thereof for the time being in force, to purchase its own shares and thereafter to deal with the shares purchased in accordance with the provisions of the Act, the Listing Requirements and any rules, regulations and guidelines thereunder or issued by Bursa Securities and any other relevant authorities in respect thereof.

The provisions in the Constitution in respect of the rights, preferences and restrictions attached to each class of shares relating to voting, dividend, liquidation and any special rights are as follows:

Clause 8 – Variation of rights

- (1) If at any time the share capital is divided into different classes of shares, the rights attached to each class of shares (unless otherwise provided by the terms of issue of the shares of that class) may only, whether or not the Company is being wound up, be varied:
 - (a) with the consent in writing of the holders holding not less than seventy-five percent (75%) of the total voting rights of the holders of that class of shares; or
 - (b) by a special resolution passed by a separate meeting of the holders of that class of shares sanctioning the variation.

14. ADDITIONAL INFORMATION (CONT'D)

- (2) The provisions of this Constitution relating to General Meetings apply with the necessary modifications to every separate meeting of the holders of the shares of the class referred to in Clause 8(1), except that:
- (a) for a meeting other than an adjourned meeting, a quorum is constituted by two (2) persons present holding at least one-third (1/3) of the number of issued shares of such class, excluding any shares of that class held as treasury shares;
 - (b) if that class of shares only has one holder, a quorum is constituted by one (1) person present holding shares of such class; and
 - (c) for an adjourned meeting, a quorum is constituted by one (1) person present holding share(s) of such class.
- (3) The rights attached to an existing class of preference shares shall be deemed to be varied by the issue of new preference shares that rank equally with the existing class of preference shares unless such issuance was authorised by:
- (a) the terms of the issue of the existing preference shares; or
 - (b) this Constitution of the Company as in force at the time when the existing preference shares were issued.

Clause 12 – Issue of Securities

- (1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares but subject always to the Act, the Listing Requirements and this Constitution, the Directors have the right to:
- (a) issue and allot shares in the Company; and
 - (b) grant rights to subscribe for shares or options over unissued shares in the Company.
- (2) Subject to the Act, the Listing Requirements, this Constitution and the relevant Shareholders' approval being obtained, the Directors may issue any shares, by ordinary resolution (including rights or options over subscription of such shares):
- (a) with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, but 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 issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person or corporation without the prior approval of the Members in general meeting; and

except in the case of an issue of securities on a pro rata basis to shareholders or pursuant to a back-to-back placement undertaken in compliance with the Listing Requirements, 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;

14. ADDITIONAL INFORMATION (CONT'D)

- (b) to any person, whether a Member or not, in such numbers or proportions as the Directors may determine; and
 - (c) for such consideration as the Directors may determine.
- (3)
 - (a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
 - (b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.
 - (c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.
- (4) Subject to Rule 6.07 of the Listing Requirements and notwithstanding the existence of a resolution pursuant to Sections 75(1) and 76(1) of the Act, the Company must not issue any shares or convertible securities if the total number of those shares or convertible securities, when aggregated with the total number of any such shares or convertible securities issued during the preceding twelve (12) months, exceeds ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company except where the shares or convertible securities are issued with the prior shareholder approval in a General Meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible securities that may be issued by the Company, if the security is a convertible security, each such security is counted as the maximum number of Shares into which it can be converted or exercised.

14.2.4 Transfer of SharesClause 14 – Transfer of Securities

The transfer of any Deposited Security or class of Deposited Security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

Clause 17 – Transfer of shares or debentures

- (1) Subject to this Constitution and other written laws, any Shareholder or debenture holder may transfer all or any of his shares or debentures by instrument of transfer as prescribed under the Act.
- (2) The instrument of transfer must be executed by or on behalf of the transferor and the transferee.

14. ADDITIONAL INFORMATION (CONT'D)

- (3) The transferor shall remain as the holder of such shares or debentures until the transfer is registered and the name of the transferee is entered in the Register of Members or register of debenture holders in respect of the shares or debentures respectively.

Clause 18 - Items for transfer of shares or debentures

- (1) To enable the Company to register the name of the transferee, the following items in relation to the transfer of shares or debentures must be delivered by the transferor to the Office of the Company:
- (a) the instrument of transfer duly executed and stamped;
 - (b) the certificate of the shares or debentures which the instrument of transfer relates; and
 - (c) any other evidence as the Directors may reasonably require showing the right of the transferor to make the transfer.
- (2) Upon receipt of the items referred to in Clause 18(1), the Company shall, upon the approval of the Board and unless otherwise resolved, register the name of the transferee in the Register of Members or register of debenture holders (as applicable).

Clause 19 – Refusal of registration

- (1) The Directors may decline or delay to register the transfer of shares within thirty (30) days from the receipt of the instrument of transfer if:
- (a) the shares are not fully paid shares;
 - (b) the Directors passed a resolution with full justification to refuse or delay the registration of transfer;
 - (c) the Company has a lien on the shares; and/or
 - (d) the Shareholder fails to pay the Company an amount due in respect of those shares, whether by way of consideration for the issue of the shares or in respect of the sums payable by the Shareholder in accordance with this Constitution.
- (2) Where applicable, the Company shall send a notice of the resolution referred to in Clause 19(1)(b) to the transferor and transferee, within seven (7) days of the resolution being passed by the Directors.

Clause 20 – Closing the Register of Members or register of debenture holders

On giving at least fourteen (14) days' notice to the Registrar to close the Register of Members or register of debenture holders, the Company may close the Register of Members or register for any class of members or register of debenture holders (collectively, the "**Registers**") for the purpose of updating the Registers. The registration of transfer may be suspended at such time and for such period as the Directors may from time to time determine, provided that no part of the relevant Register(s) be closed for more than thirty (30) days in aggregate in any calendar year.

14. ADDITIONAL INFORMATION (CONT'D)**14.3 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 is 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 our Shares deposited with Bursa Depository may only be effected by a person having a Securities Account with Bursa Depository 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, or arising from, such Shares.

14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Save as disclosed below which has been reproduced from our Constitution, there is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders' right to hold or exercise voting rights on our Shares:

Clause 55

- (1) In relation to Deposited Securities, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of General Meetings shall be given by the Company.
- (2) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the General Meeting ("**General Meeting Record of Depositors**").
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a Depositor shall not be regarded as a Member entitled to attend any General Meeting and to attend, participate, speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

14.5 REPATRIATION OF CAPITAL, REMITTANCE OF PROFIT AND TAXATION

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single-tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

As at the date of this Prospectus, we do not have any foreign subsidiary or associated company which requires repatriation of capital and remittance of profits by or to our Group.

14. ADDITIONAL INFORMATION (CONT'D)**14.6 MATERIAL CONTRACTS**

Save as disclosed below, our Group has not entered into any material contracts that are not in the ordinary course of our Group's business within the Financial Periods Under Review and up to the date of this Prospectus:

14.6.1 Sale and purchase agreement between Earthwood Furniture Sdn Bhd and SSTCM

The sale and purchase agreement dated 29 March 2023 entered into between Earthwood Furniture Sdn Bhd (as vendor) and SSTCM (as purchaser) for the acquisition of the existing Puncak Alam Factory for a total purchase consideration of RM19.50 million to be satisfied via cash, which is expected to be completed in August 2025 and our tenancy period will be terminated accordingly upon completion of the acquisition of the Puncak Alam Factory.

14.6.2 Sale and purchase agreements between Atreon and SSTCM

- (i) The sale and purchase agreement dated 12 July 2024 entered into between Atreon (as vendor) and SSTCM (as purchaser) for the acquisition of Lot 41735 for a total purchase consideration of RM16.30 million to be satisfied via cash, which is expected to be completed within 12 months from the IPO.
- (ii) The sale and purchase agreement dated 12 July 2024 entered into between Atreon (as vendor) and SSTCM (as purchaser) for the acquisition of Lot 41736 for a total purchase consideration of RM23.90 million to be satisfied via cash, which is expected to be completed within 12 months from the IPO.

14.6.3 Conditional share sale agreement for the Acquisition

The conditional share sale agreement dated 29 February 2024 entered into between Atreon and the Pre-Listing Investors (as vendor) and our Company (as purchaser) for the acquisition of SSTCM for a total consideration of RM70.85 million. The Acquisition was completed on 7 February 2025.

Please refer to Section 6.1.3.2 of this Prospectus for further details.

14.6.4 Underwriting Agreement

Please refer to Section 4.8 of this Prospectus for further details of the Underwriting Agreement.

14.7 MATERIAL LITIGATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial or business position.

14.8 CONSENTS

- (i) Our Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent, company secretaries, Legal Advisers, Tax Advisers, Share Registrar, Issuing House and Governance, Risk and Internal Control Consultant have given their respective written consents for the inclusion in this Prospectus of their names and all references in the form and context in which such names appear before the issue of this Prospectus, and such consents have not subsequently been withdrawn.

14. ADDITIONAL INFORMATION (CONT'D)

- (ii) The Auditors and Reporting Accountants have given their written consent for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position as at 30 September 2024 and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.
- (iii) The IMR has given its written consent for the inclusion in this Prospectus of its name, IMR Report and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.
- (iv) The Valuer has given its written consent for the inclusion in this Prospectus of its name, Valuation Reports, Master Valuation Certificate and all references thereto in the form and context in which they are contained in this Prospectus before the issue of this Prospectus, and such consent has not subsequently been withdrawn.

14.9 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) our audited financial statements for the Financial Periods Under Review;
- (iii) audited financial statements of our Subsidiary for the Financial Periods Under Review;
- (iv) IMR Report as included in Section 8 of this Prospectus;
- (v) Reporting Accountants' letter on the Pro Forma Consolidated Statements of Financial Position as at 30 September 2024 as included in Section 12.8 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) our material contracts referred to in Section 14.6 of this Prospectus;
- (viii) letters of consent referred to in Section 14.8 of this Prospectus; and
- (ix) Valuation Reports and Master Valuation Certificate issued by the Valuer.

14.10 RESPONSIBILITY STATEMENTS

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

RHB Investment Bank, being the Principal Adviser, Sponsor, Sole Underwriter and Sole Placement Agent in relation to our IPO, 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.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE "DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE" ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used in this Section shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 13 MARCH 2025.

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 25 MARCH 2025.

Late applications will not be accepted. In the event there is any change to the indicative timetable, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers in Malaysia, and make an announcement of such changes on Bursa Securities' website accordingly.

15.2 METHODS OF APPLICATION

15.2.1 Application of our IPO Shares by the Malaysian Public and Eligible Persons

Application must accord with our Prospectus and our Constitution. The submission of an Application Form does not mean that the Application will succeed. You agree to be bound by our Constitution.

Types of Application and category of investors	Application method
Applications by Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	<ul style="list-style-type: none"> • White Application Form; or • Electronic Share Application; or • Internet Share Application
(b) Non-Individuals	White Application Form only

15.2.2 Placement portion

Types of Application and category of investors	Application method
Applications by:	
(i) Institutional and/or selected investors	The Sole Placement Agent will contact the institutional and/or selected investors directly. They should follow the Sole Placement Agents' instructions.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

Types of Application and category of investors	Application method
(ii) Identified Bumiputera investors approved by the MITI	The MITI will contact the identified investors directly. They should follow the MITI's instructions.

Eligible Persons, institutional and/or selected investors and Bumiputera investors approved by MITI may still apply for our IPO Shares offered to the Malaysian Public using the White Application Form, Electronic Share Application or Internet Share Application.

15.3 EIGIBILITY**15.3.1 General**

You must have a CDS Account and a correspondence address in Malaysia. If you do not have a CDS Account, you may open a CDS Account by contacting any of the ADAs set out in the list of ADAs 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.

15.3.2 Application by the Malaysian Public

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares with a Malaysian address; or
 - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) you must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

(iii) you must submit the Applications by using only one of the following methods:

- (a) White Application Form;
- (b) Electronic Share Application; or
- (c) Internet Share Application.

15.3.3 Application by Eligible Persons

Our Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

15.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORM

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 RM0.24 for each Issue Share.

Payment must be made out in favour of "**TIH SHARE ISSUE ACCOUNT NO. 797**" 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 respective official envelopes provided for each category, 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

- (ii) or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,

so as to arrive not later than 5.00 p.m. on 25 March 2025 or by such other time and date specified in any change to the date or time for closing as our Directors, Promoters and the Principal Adviser may, in their absolute discretion, mutually decide as at the time for closing. We will not accept late applications.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your White Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

15.5 APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATION

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.

Please refer to the detailed procedures and terms and conditions of Electronic Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institutions for further enquiries.

15.6 APPLICATION BY WAY OF INTERNET SHARE APPLICATION

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Internet Share Application.

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, Malayan Banking Berhad and Public Bank Berhad, or Participating Securities Firms, CGS International Securities Malaysia Sdn Bhd (*formerly known as CGS-CIMB Securities Sdn Bhd*), Malacca Securities Sdn Bhd and Moomoo Securities Malaysia Sdn Bhd. A processing fee will be charged by the respective Internet Participating Financial Institutions or Participating Securities Firms (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions or Participating Securities Firms.

Please refer to the detailed procedures and terms and conditions of Internet Share Application set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of this Prospectus on the website of Bursa Securities or contact the relevant Participating Financial Institutions or Participating Securities Firms for further enquiries.

15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board, reserves the right to:

- (i) reject the Applications which:
 - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application, Internet Share Application, Internet Participating Financial Institutions or Participating Securities Firms (where applicable); or
 - (b) are illegible, incomplete or inaccurate; or
 - (c) are accompanied by an improperly drawn up, or improper form of remittance; or

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful/partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 15.9 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 the 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 shall it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription, the 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 results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting date event.

Pursuant to the Listing Requirements, we are required to have a minimum of 25.00% of our Company's Shares 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 the Eligible Persons, subject to the clawback and reallocation as set out in Section 4.2.3 of this Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Underwriting Agreement.

15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

15.9.1 For applications by way of Application Forms

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your registered or correspondence address last maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (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 National Registration Identity Card (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 the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The 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 registered or correspondence address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

15.9.2 For applications by way of Electronic Share Application and Internet Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions or Participating Securities Firms of the unsuccessful or partially successful Applications within 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) or Participating Securities Firms within 2 Market Days after the receipt of confirmation from the 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 the Issuing House by crediting into your account with the Participating Financial Institutions, Internet Participating Financial Institutions or Participating Securities Firms (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions or Participating Securities Firms will be informed of the unsuccessful or partially successful Applications within 2 Market Days from the date of the final ballot. The Participating Financial Institutions or Participating Securities Firms will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from the Issuing House.

15.10 SUCCESSFUL APPLICANTS

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS Account.

15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (ii) A notice of allotment will be despatched to you at your registered or correspondence address last maintained with 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 Shares will be by book entries through CDS Accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

15.11 ENQUIRIES

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the enquiries
Application Form	Issuing House Enquiry Services at telephone no. 03-2783 9299
Electronic Share Application	The relevant Participating Financial Institutions
Internet Share Application	The relevant Internet Participating Financial Institutions or Participating Securities Firms and Authorised Financial Institutions

The results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online> within 1 Market Day after the balloting date.

You may also check the status of your Application at the above website, 5 Market Days after the balloting date or by calling your respective ADAs during office hours at the telephone number as stated in the list of ADAs set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER



MITRA VALUERS & PROPERTY CONSULTANTS SDN BHD

(Company No. 764981-M) 200701006980

CHARTERED SURVEYORS & REGISTERED VALUERS

No 12-1, 1ST FLOOR, JALAN TIARA 2C / KU 1, BANDAR BARU KLANG,
41150 KLANG, SELANGOR DARUL EHSAN.

TEL : 03-3342 3662, 03-3342 4662 FAX : 03-3342 5662



Our Ref. : MITRA/BBB/V/24/05/MSA/2111
Date : 13 January 2025
Your Ref. : SSTCM/SR/2024/0069

Sumisaujana Group Berhad

No. 57, Jalan TIAJ 2/1,
Taman Industri Alam Jaya,
42300 Bandar Puncak Alam,
Selangor

Dear Sir,

UPDATE VALUATION OF THREE (3) PROPERTIES FOR THE PURPOSE OF SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") ("UPDATE VALUATION LETTER")

In accordance with the instructions of Sumisaujana Group Berhad ("**Sumisaujana**"), we, Mitra Valuers & Property Consultants Sdn Bhd, have carried out an update valuation on the following properties for the purpose of submission to Bursa Securities and inclusion in the prospectus of Sumisaujana dated 13 March 2025 in relation to the initial public offering ("**IPO**") and admission to the official list of Bursa Securities and the listing and quotation of the entire enlarged issued share capital of Sumisaujana on the ACE Market of Bursa Securities ("**Listing**"):-

- (i) Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A parcel of industrial land with a proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 1**");
- (ii) Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A parcel of industrial land with a proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 2**"); and
- (iii) Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 3**"),

(collectively referred to as the "**Subject Properties**").

We have prepared and provided this Update Valuation Letter which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions. This Update Valuation Letter is prepared for the inclusion in the prospectus of Sumisaujana dated 13 March 2025 in relation to the IPO and Listing together with the Master Certificate of Valuation of the Subject Properties dated 2 July 2024.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. For all intents and purposes, this Update Valuation Letter should be read in conjunction with the Master Valuation Certificate and the full Report and Valuation dated 2 July 2024 with a material date of valuation of 16 May 2024.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



We have inspected the Subject Properties on 19 December 2024 and the material date of valuation is taken as at 19 December 2024.

METHOD OF VALUATION

In arriving at the Market Values of the Subject Properties, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**.

i) Cost Approach

Cost Approach entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land.

The Depreciated Replacement Cost (DRC) method is based on the building's current gross replacement cost (or reproduction costs) of improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

The Depreciated Replacement Cost method that we used is according to the COSTBOOK 2023, published by Building Cost Information Services Malaysia (BCISM) which is a collaborative effort between the Malaysian Construction Industry Development Board (CIDB) and Royal Institution of Surveyors Malaysia (RISM). The warehouse building stated in the "Average Building Price" section of the COSTBOOK 2023 is ranging between RM1,820.00 per square metre (RM169.00 per square feet) to RM2,550.00 per square metre (RM236.90 per square feet). The owner operated offices building stated in the "Average Building Price" section of the COSTBOOK 2023 is ranging between RM1,570.00 per square metre (RM145.90 per square feet) to RM3,100.00 per square metre (RM288.00 per square feet).

The Comparison method is based on the concept that a prospective seller will expect his vacant industry land to fetch the same price as that paid for similar vacant industry land in the locality. It entails the analysis and comparison of recent sales or comparable of similar vacant industry land in the area and making due allowances for all dissimilarities.

The market values of the building and vacant industrial land are later combined to arrive at market value of the Subject Properties under the Cost Approach.

We consider the most appropriate approach to be adopted in the valuation of the Subject Properties would be the **Cost Approach** where it entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land. Cost Approach is the common method as it can be applied to wide range of assets. The Cost Approach estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of the substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

ii) Comparison Approach

We also adopted the **Comparison Approach** to ascertain the reasonability of the market value derived from the Cost Approach. The Comparison Approach entails the analysis and comparison of recent sales or comparable of similar industrial lands with building in the area and making due allowances for all dissimilarities. We have investigated the market evidences of industrial lands with building sited within Taman Industri Alam Jaya and taking into consideration of various factors such as time, location, infrastructure, accessibility, site improvement, size and shape, tenure and other relevant characteristics to arrive at the adjusted market value for the Subject Properties.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The table below is a summary of Market Values for the Subject Properties valued:-

No.	Property Details	Market Value
1.	<u>Subject Property 1</u> Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor A parcel of industrial land with a proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	RM16,420,000/-
2.	<u>Subject Property 2</u> Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor A parcel of industrial land with a proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	RM25,970,000/-
3.	<u>Subject Property 3</u> Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor A single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	RM16,530,000/-

For and on behalf of

MITRA VALUERS & PROPERTY CONSULTANTS SDN. BHD.

Sr. NIK KARYATI BT NIK AB KADIR. MRISM

B. Estate Mgmt (Hons) (UiTM)

Registered Valuer (V-673)

Date: 13 January 2025

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



UPDATE VALUATION LETTER

- (1) SUBJECT PROPERTY 1**
Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 1

The particulars of title of the Subject Property 1 as extracted from the Registry of land titles on 19 December 2024 revealed that all details and endorsement of the Subject Property 1 remained unchanged since our last date of valuation of 16 May 2024.

DESCRIPTION AND CONDITION OF SUBJECT PROPERTY 1

Based on the site inspection conducted by us on 19 December 2024, we would like to confirm that the description and condition of the Subject Property 1 remained unchanged since our last date of valuation of 16 May 2024, save for the construction progress as described in the section below under "The Proposed Building".

THE PROPOSED BUILDING

The site is proposed to be built with a single storey factory annexed double storey office building which will be developed according to the specific use of Sumisaujana for its principal activities which is the manufacturing of oil and gas ("O&G") specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.

During our inspection, we noted that the Subject Property 1 is at 94% of completion as at 14 December 2024 based on the Executive Progress Summary in Fortnightly Progress Report 28 issued by Pilot Construction Sdn Bhd (appointed contractor of Atreon Holdings Sdn Bhd) as compared to the stage of completion of 38% as at 11 May 2024 based on the Executive Progress Summary in Fortnightly Progress Report 13 as stated in our Master Valuation Certificate and full Report and Valuation dated 2 July 2024.

PLANNING PROVISION

The status of the planning provision as stated in our Master Valuation Certificate and full Report and Valuation dated 2 July 2024 remained unchanged.

MARKET CONDITION

We would like to confirm that the market condition has remained unchanged since our last date of valuation of 16 May 2024.

VALUATION AND MARKET VALUE

In arriving at the Market Value of the Subject Property 1, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**. We would like to confirm that the market value of the Subject Property 1 has remained unchanged since our last date of valuation of 16 May 2024.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



(2) SUBJECT PROPERTY 2

Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 2

The particulars of title of the Subject Property 2 as extracted from the Registry of land titles on 19 December 2024 revealed that all details and endorsement of the Subject Property 2 remained unchanged since our last date of valuation of 16 May 2024.

DESCRIPTION AND CONDITION OF THE SUBJECT PROPERTY 2

Based on the site inspection conducted by us on 19 December 2024, we would like to confirm that the description and condition of the Subject Property 2 remained unchanged since our last date of valuation of 16 May 2024, save for the construction progress as described in the section below under "The Proposed Building".

THE PROPOSED BUILDING

The site is proposed to be built with a single storey warehouse annexed three storey office building which will be developed according to the specific use of Sumisaujana for its principal activities which is the manufacturing of O&G specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.

During our inspection, we noted that the Subject Property 2 is at 97% of completion as at 14 December 2024 based on the Executive Progress Summary in Fortnightly Progress Report 28 issued by Pilot Construction Sdn Bhd (appointed contractor of Atreon Holdings Sdn Bhd) as compared to the stage of completion of 47% as at 11 May 2024 based on the Executive Progress Summary in Fortnightly Progress Report 13 as stated in our Master Valuation Certificate and full Report and Valuation dated 2 July 2024.

PLANNING PROVISION

The status of the planning provision as stated in our Master Valuation Certificate and full Report and Valuation dated 2 July 2024 remained unchanged.

MARKET CONDITION

We would like to confirm that the market condition has remained unchanged since our last date of valuation of 16 May 2024.

VALUATION AND MARKET VALUE

In arriving at the Market Value of the Subject Property 2, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**. We would like to confirm that the market value of the Subject Property 2 has remained unchanged since our last date of valuation of 16 May 2024.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



(3) SUBJECT PROPERTY 3

Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 3

The particulars of title of the Subject Property 3 as extracted from the Registry of land titles on 19 December 2024 revealed that all details and endorsement of the Subject Property 3 remained unchanged since our last date of valuation of 16 May 2024.

DESCRIPTION AND CONDITION OF THE SUBJECT PROPERTY 3

Based on the site inspection conducted by us on 19 December 2024, we would like to confirm that the description and condition of the Subject Property 3 remained unchanged since our last date of valuation of 16 May 2024.

THE BUILDING

Based on the site inspection conducted by us on 19 December 2024, we would like to confirm that the physical and the condition of the building remained unchanged.

MARKET CONDITION

We would like to confirm that the market condition has remained unchanged since our last date of valuation of 16 May 2024.

VALUATION AND MARKET VALUE

In arriving at the Market Value of the Subject Property 3, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**. We would like to confirm that the market value of the Subject Property 3 has remained unchanged since our last date of valuation of 16 May 2024.

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16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



MITRA VALUERS & PROPERTY CONSULTANTS SDN BHD

(Company No. 764981-M) 200701006980

CHARTERED SURVEYORS & REGISTERED VALUERS

No 12-1, 1ST FLOOR, JALAN TIARA 2C / KU 1, BANDAR BARU KLANG,
41150 KLANG, SELANGOR DARUL EHSAN.

TEL : 03-3342 3662, 03-3342 4662 FAX : 03-3342 5662



Our Ref. : MITRA/BBB/V/24/05/MSA/2111
Date : 2 July 2024
Your Ref. : SSTCM/SR/2024/0069

Sumisaujana Group Berhad

No. 57, Jalan TIAJ 2/1,
Taman Industri Alam Jaya,
42300 Bandar Puncak Alam,
Selangor

Dear Sir

MASTER CERTIFICATE OF VALUATION OF THREE (3) PROPERTIES FOR THE PURPOSE OF SUBMISSION TO BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")

In accordance with the instructions of Sumisaujana Group Berhad, we, Mitra Valuers & Property Consultants Sdn Bhd, have carried out a valuation on the following properties for the purpose of submission to Bursa Securities and inclusion in the prospectus of Sumisaujana Group Berhad ("**Sumisaujana**") in relation to the proposed initial public offering ("**Proposed IPO**") and proposed admission to the official list of Bursa Securities and the listing and quotation of the entire enlarged issued share capital of Sumisaujana on the ACE Market of Bursa Securities ("**Proposed Listing**"):-

- (i) Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A parcel of industrial land with a proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 1**");
- (ii) Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A parcel of industrial land with a proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 2**"); and
- (iii) Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor (A single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor) ("**Subject Property 3**"),

(collectively referred to as the "**Subject Properties**").

We have prepared and provided this Master Valuation Certificate which outlines key factors that have been considered in arriving at our opinion of Market Value and reflects all information known by us and based on present market conditions. This Master Valuation Certificate is prepared for the inclusion in the prospectus of Sumisaujana in relation to the Proposed IPO and Proposed Listing.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. For all intents and purposes, this Master Valuation Certificate should be read in conjunction with the full Report and Valuation.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards (MVS) to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

We have inspected the Subject Properties on 16 May 2024 and the material date of valuation is taken as at 16 May 2024.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



METHOD OF VALUATION

In arriving at the Market Values of the Subject Properties, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**.

i) Cost Approach

Cost Approach entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land.

The Depreciated Replacement Cost (DRC) method is based on the building's current gross replacement cost (or reproduction costs) of improvements, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

The Depreciated Replacement Cost method that we used is according to the COSTBOOK 2023, published by Building Cost Information Services Malaysia (BCISM) which is a collaborative effort between the Malaysian Construction Industry Development Board (CIDB) and Royal Institution of Surveyors Malaysia (RISM). The warehouse building stated in the "Average Building Price" section of the COSTBOOK 2023 is ranging between RM1,820.00 per square metre (RM169.00 per square feet) to RM2,550.00 per square metre (RM236.90 per square feet). The owner operated offices building stated in the "Average Building Price" section of the COSTBOOK 2023 is ranging between RM1,570.00 per square metre (RM145.90 per square feet) to RM3,100.00 per square metre (RM288.00 per square feet).

The Comparison method is based on the concept that a prospective seller will expect his vacant industry land to fetch the same price as that paid for similar vacant industry land in the locality. It entails the analysis and comparison of recent sales or comparable of similar vacant industry land in the area and making due allowances for all dissimilarities.

The market values of the building and vacant industrial land are later combined to arrive at market value of the Subject Properties under the Cost Approach.

We consider the most appropriate approach to be adopted in the valuation of the Subject Properties would be the **Cost Approach** where it entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land. Cost Approach is the common method as it can be applied to wide range of assets. The Cost Approach estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction. It is based on the principle of the substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset.

ii) Comparison Approach

We also adopted the **Comparison Approach** to ascertain the reasonability of the market value derived from the Cost Approach. The Comparison Approach entails the analysis and comparison of recent sales or comparable of similar industrial lands with building in the area and making due allowances for all dissimilarities. We have investigated the market evidences of industrial lands with building sited within Taman Industri Alam Jaya and taking into consideration of various factors such as time, location, infrastructure, accessibility, site improvement, size and shape, tenure and other relevant characteristics to arrive at the adjusted market value for the Subject Properties.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The table below is a summary of Market Values for the Subject Properties valued:-

No.	Property Details	Market Value
1.	<u>Subject Property 1</u> Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor A parcel of industrial land with a proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	RM16,420,000/-
2.	<u>Subject Property 2</u> Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor A parcel of industrial land with a proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	RM25,970,000/-
3.	<u>Subject Property 3</u> Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor A single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	RM16,530,000/-

For and on behalf of

MITRA VALUERS & PROPERTY CONSULTANTS SDN. BHD.

Sr. NIK KARYATI BT NIK AB KADIR. MRISM

B. Estate Mgmt (Hons) (UiTM)

Registered Valuer (V-673)

Date: 2 July 2024

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



MASTER CERTIFICATE OF VALUATION

(1) SUBJECT PROPERTY 1
Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor

The valuation is carried out based on the following **BASIS:-**

The Subject Property 1 is a parcel of industrial land with proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor.

The Market Value is derived on the assumptions that the land and the proposed single storey factory annexed double storey office building has been completed and built accordance with approved building plan and specifications with a Certificate of Completion and Compliance (CCC) issued.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT FULLY REALISED.

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 1

Lot No.	: PT 41735
Title No.	: HS(M) 5455
Bandar	: Mukim Ijok
District	: Kuala Selangor
Locality	: Bukit Ceraka Peringkat I
State	: Selangor
Provisional Land Area	: 8,136.00 square metres (about 87,575.90 square feet)
Annual Quit Rent	: RM1,937.00 per annum
Tenure	: Leasehold interest for 99 years expiring on 27 July 2096. Thus having an unexpired term of about 72 years
Reservation Area	: Not Stated
Category of Land use	: "Industri"
Express Condition	: "Industri Sederhana"
Restriction-in-Interest	: "Tanah ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"
Registered Owner	: ATREON HOLDINGS SDN BHD Company Registration No. 200401010966 (649469-A)
Encumbrances	: Charged to SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD, vide Presentation No. 041SC419/2021 dated 18 March 2021

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



DESCRIPTION OF THE SUBJECT PROPERTY 1

The Subject Property 1 is a parcel of industrial land which is almost rectangular in shape and lies higher than road frontage. The site having a provisional land area of approximately **8,136.00 square metres (about 87,575.90 square feet)**.

The main entrance to the Subject Property 1 is currently secured by a double hinged metal hoarding mounted onto steel pillars. The site is undergoing structure construction for proposed development of a single storey factory annexed with double storey office building.

We have not conducted any reconnaissance survey to identify the site boundaries nor establish any encroachment of its boundary lines. However, we have assumed that the physical demarcation on the site is corresponding with those shown on the site plan of the title document.

THE PROPOSED BUILDING

The site is proposed to be built with a single storey factory annexed double storey office building which will be developed according to the specific use of Sumisaujana for its principal activities which is the manufacturing of oil and gas ("O&G") specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.

From our enquiry with Majlis Perbandaran Kuala Selangor the Subject Property 1 is categorised as "Industrial Zoning". We were given to understand that the Subject Property 1 has obtained approval of "Kebenaran Merancang" or Development Order with No Rujukan: MPKS- 200.6/2/2/2002-05 from Majlis Perbandaran Kuala Selangor via a letter dated 14 April 2023.

We were also given to understand that the Building Plan has also obtained approval by Majlis Perbandaran Kuala Selangor via a letter dated 30 April 2024 with reference No. Bil.(11)d/m MPKS 200.11/280/13/12/2024-01.

The factory building will be constructed of steel columns encased in concrete supporting steel roof trusses covered with partly metal deck roofing sheets and partly reinforced concrete flat roof. The flooring will be of reinforced concrete slabs laid over hardcore.

The office building will be constructed of reinforced concrete framework with plastered brickwalls. The flooring will be of reinforced concrete laid over hardcore for the ground floor and suspended reinforced concrete for the upper floor. Vertical access to the Subject Property 1 and between floors within the building will be via two flights of reinforced concrete staircases further installed with iron railings.

Building Area

Upon completion of the Subject Property 1, the factory building will have main floor area of approximately 2,672.98 square metres (about 28,771.93 square feet) with a ceiling height up to the ridge and peak structure of 13.249 metres. The office building will have a total floor area of approximately 324.03 square metres (about 3,487.87 square feet).

During our inspection, we noted that the Subject Property 1 is at 38% stage of completion as at 11 May 2024 based on the Executive Progress Summary in Fortnightly Progress Report 13 issued by Pilot Construction Sdn Bhd (appointed contractor of Atreon Holdings Sdn Bhd) and approved by the RDO Architects Sdn Bhd (appointed architect of Atreon Holdings Sdn Bhd).

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



METHOD OF VALUATION

In arriving at the Market Value of the Subject Property 1, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**.

i) Cost Approach

Cost Approach entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land.

Depreciated Replacement Cost (DRC) method

Notwithstanding that the Subject Property 1 is a proposed single storey factory annexed double storey office building, we have adopted the "warehouse building" category under the "Average Building Price" section of the COSTBOOK 2023 in view that the Subject Property 1 is a building with steel structure and metal deck roofing. We have adopted cost of construction for factory/warehouse building at RM230.00 per square feet and for offices building at RM250.00 per square feet.

We also have counter check the building cost to the Contract Documents between Pilot Construction Sdn Bhd and Atron Holdings Sdn Bhd. The building cost as stated in the contract documents is RM7,286,874.41 or approximately RM226.00 per square feet (based on built-up area of 32,259.80 square feet). We are in the opinion that the contract sum is in line with the market rate and was considered in our valuation on the Subject Property.

We have adopted straight line depreciation. The depreciation rate as per practice in the industry for similar type of properties are calculated based on Building Age over Building Life Span (50 years for industrial property).

The following are transacted evidences of vacant industrial land comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. 11338, PN 78785, Mukim of Ijok, District of Kuala Selangor	Lot No. 41711, HSM 5431, Mukim of Ijok, District of Kuala Selangor	Lot No. 11305, PN 78752, Mukim of Ijok, District of Kuala Selangor	Lot No. 11316, PN 78763, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 9 (Lot 5), Jalan TIAJ 2/3, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	PT 41711, Jalan TIAJ 3/1/5, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 3, Jalan TIAJ 2/5, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 8, Jalan TIAJ 2/4, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Land Area	5,836 sq mt (62,818.70 sq ft)	6,379 sq mt (68,663.56 sq ft)	4,050 sq mt (43,594.20 sq ft)	4,050 sq mt (43,594.20 sq ft)
Date of Transaction	29/01/2024	26/05/2023	30/01/2023	05/01/2023
Tenure	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



Nos.	1	2	3	4
Vendor	Eastway Engineering Sdn Bhd	ETA Hardware Sdn Bhd	Cheng Heng Fook & Cheng Lee Tin	LNB Wood Base Sdn Bhd
Purchaser	LNB Wood Base Sdn Bhd	LB Auto Force (M) Sdn Bhd	TLH Action Plan Sdn Bhd	Teck Chuan Industrial Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM5,842,091	RM5,149,725	RM3,922,020	RM3,705,476
Analysed price per square feet	RM93.00	RM75.00	RM89.97	RM85.00
Adjustments	Adjustments based on Time Factor and Accessibility, where the Subject Property 1 can be easily seen from the main road (Jalan TIAJ 3)			
Adjusted price per square feet	RM102.30	RM86.63	RM103.92	RM98.18

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Based on the comparison method, the market price of the comparables of the vacant industrial land is ranging from RM75.00 per square feet to RM93.00 per square feet while the adjusted market price of the comparables of the vacant industrial land is ranging from RM86.63 per square feet to RM103.92 per square feet.

Some adjustments have been made based on the time factor at 5% and the visibility and accessibility at 10%. Time factors have been taken into consideration due to the increasing price trend from 2023 to 2024 in view that the vacant industrial lands under the Cost Approach can be adjusted for time factor based on the date of transaction. As such, we have adopted time factor adjustment of 5% for evidences in 2023, which are Evidence No. 2, Evidence No. 3 and Evidence No. 4.

We have also taken into consideration that all four evidences are not nearly as good as the Subject Property 1 in term of visibility and accessibility. Adjustments have been made based on the visibility and accessibility at 10%. All of these evidences are located further away from the main road, however the Subject Property 1 can be easily visible and accessible from the main road which is Jalan TIAJ 3. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to Subject Property 1.

Having considered the above tabulated evidences of vacant industrial land, we are of the opinion the best comparable is Evidence No. 1, which is at adjusted market price of approximately RM102.30 per square feet, because the transaction is the most recent and the least adjusted than other comparables. Accordingly, we have adopted the comparison method for the vacant industrial land at RM102.00 per square feet.

The market values of the building and the vacant industrial land are combined to arrive at market value of the Subject Property 1, which is RM16,422,253.20, say RM16,420,000, based on the Cost Approach.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



ii) Comparison Approach

The following are the transacted evidences of industrial lands with building comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. PT 41749, (PL 2954), Title No. HSM 5469, Mukim of Ijok, District of Kuala Selangor	Lot No. 11374, Title No. PN 78816, Mukim of Ijok, District of Kuala Selangor	Lot No. 11249, Title No. PN 78696, Mukim of Ijok, District of Kuala Selangor	Lot No. 11340, Title No. PN 78787, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 18, Jalan TIAJ 3/2/3, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 53, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 42, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 2A, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Types of Building	Three Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory
Land Area	4,070 sq mt (43,809.48 sq ft)	4,087 sq mt (43,992.47 sq ft)	4,811 sq mt (51,785.60 sq ft)	4,050 sq mt (43,593.20 sq ft)
Built up area (approximate)	30,000 sq ft	39,000 sq ft	42,000 sq ft	34,000 sq ft
Date of Transaction	18/09/2023	19/09/2022	19/10/2022	13/07/2023
Tenure	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108
Vendor	Wah Ha Corporation Sdn Bhd	LPI Aluminium Sdn Bhd	Strategi Sehati Sdn Bhd	TNC Plastic Sdn Bhd
Purchaser	Advanced Profinity Sdn Bhd	Bona Fide Technology (M) Sdn Bhd	Bryan Patrick Ooi Sze Yuan & Shawn Philip Ooi Sze Yew	Espet Extractions Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM10,450,000	RM8,600,000	RM10,000,000	RM8,500,000
Analysed price on land area per square feet	RM238.53	RM195.49	RM193.10	RM194.98
Adjustments	Adjustments based on Accessibility, where the Subject Property 1 can be easily seen from the main road (Jalan TIAJ 3/1/1), and Ratio of built up area to land area.			
Adjusted price per square feet	RM238.53	RM195.49	RM193.10	RM194.98

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Following the Comparison Approach, the market value for industrial lands with building is ranging from RM193.10 per square feet to RM238.53 per square feet while the adjusted market value of the comparables of the industrial lands with building is ranging from RM193.10 per square feet to RM238.53 per square feet.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



We have taken into consideration that all four evidences are not nearly as good as the Subject Property 1 in term of visibility and accessibility. Adjustments have been made based on the visibility and accessibility at 10%. All of these evidences are located further away from the main road, however the Subject Property 1 can easily visible and accessible from main road which is Jalan TIAJ 3. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to Subject Property 1.

We have not made any adjustment on time factor for all four evidences of the industrial lands with building under the Comparison Approach. Based on our tabulated evidences for the industrial lands with buildings, the price trends were stagnant with no significant price increase noted, which can be due to market demands and market preferences. Therefore, we are in the opinion that there are no adjustment in time factors at the date of our valuation for industrial lands with building in Taman Alam Jaya Industrial Park.

We have also taken into consideration that the Subject Property 1 has lesser ratio of built up area to land area than all four evidences which is at 37%, which lead to a 10% reduction in adjustment.

Having considered the above transacted evidences of industrial lands with building, we are of the opinion the best comparable is Evidence No. 3, at RM193.10 per square feet, due to its similar characteristic with the Subject Property 1 which is a double storey office building and similarly having a smaller office area than other evidences. The adjusted market price of Evidence No. 3 due to visibility and accessibility and ratio of built up area to land area factors is RM193.10 per square feet.

The Comparison Approach should be considered purely as a reference only given the uniqueness of the Subject Property 1 as well as the comparables which arises mainly due to wide-ranging difference in terms of size and shape, layouts, infrastructures, facilities, site improvement, and other relevant characteristics. As such, the identified comparables are merely useful to provide an overall guide pertaining to the range of market prices which are applicable for industrial lands with building.

Based on the Comparison Approach, the market value of the Subject Property 1 is RM16,900,000 (approximately RM193.00 per square feet with land area of 87,575.90 square feet).

RECONCILIATION OF VALUES

The market values derived by adopting the valuation methods are stated as below:-

Method of Valuation	Market Value
Cost Approach	RM16,420,000
Comparison Approach	RM16,900,000

The Cost Approach is the most common method for industrial property valuation. This is due to heterogeneous nature of the industrial property which are physically, functionally and economically different and requires complicated adjustments. We are of the view that the Cost Approach is preferred because of the distinct features in which each of the industrial building have a varied usage depends on the operator or business owner.

We have also adopted the Comparison Approach to ascertain the reasonability of market value of the Subject Property 1 derived from the Cost Approach. However we noted that the Comparison Approach is only suitable for homogenous nature of properties with minimal dissimilarities. In addition to that, several data and information are cannot be collected without the consent of the owner or operator of the industrial properties which are important to be considered the adjustments, such as built up area and ceiling heights.

Therefore, taking into all of these consideration, we are of the view that the Market Value of the Subject Property 1 of RM16,420,000 derived from the Cost Approach is considered as fair and accurate representation of the Market Value of the Subject Property 1.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



VALUATION

Premised on the foregoing and after taking due consideration of factors pertaining to the Subject Property 1 in particular and other factors affecting value in general, we are of the opinion that the **Market Value of Lot No. PT 41735, Title No. HS(M) 5455, Mukim of Ijok, District of Kuala Selangor, State of Selangor, (a parcel of industrial land with proposed single storey factory annexed double storey office building, bearing a postal address of No. 3, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) having a provisional land area of 8,136 square metres (about 87,575.90 square feet) as at the material date of valuation on 16 May 2024, subject to the title being good, marketable and registrable, free from legal encumbrances and with the benefit of vacant possession, is as below :-**

Market Value on the assumptions that the land and the proposed single storey factory annexed double storey office building has been completed and built accordance with approved building plan and specifications with a Certificate of Completion and Compliance (CCC) issued	RM16,420,000 (Ringgit Malaysia: Sixteen Million and Four Hundred and Twenty Thousand Only)
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(2) SUBJECT PROPERTY 2

Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor

The valuation is carried out based on the following **BASIS:-**

The Subject Property 2 is a parcel of industrial land with proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor.

The Market Value is derived on the assumptions that the land and the proposed single storey warehouse annexed three storey office building has been completed and built accordance with approved building plan and specifications with a Certificate of Completion and Compliance (CCC) issued.

IF ANY PARTY WISHES TO RELY ON THE VALUATION BASED ON ADDITIONAL ASSUMPTION(S) AS STATED ABOVE, THEN APPROPRIATE PROFESSIONAL ADVICE SHOULD BE SOUGHT SINCE THE VALUE REPORTED IS BASED ON AN ASSUMPTION(S) THAT IS/ARE NOT FULLY REALISED.

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 2

Lot No.	:	PT 41736
Title No.	:	HS(M) 5456
Bandar	:	Mukim Ijok
District	:	Kuala Selangor
Locality	:	Bukit Ceraka Peringkat I
State	:	Selangor
Provisional Land Area	:	8,954.00 square metres (about 96,380.85 square feet)

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



Annual Quit Rent	:	RM2,132.00 per annum
Tenure	:	Leasehold interest for 99 years expiring on 27 July 2096. Thus having an unexpired term of about 72 years
Reservation Area	:	Not Stated
Category of Land use	:	"Perusahaan/Perindustrian"
Express Condition	:	"Industri Sederhana"
Restriction-in-Interest	:	"Tanah ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri"
Registered Owner	:	ATREON HOLDINGS SDN BHD Company Registration No. 200401010966 (649469-A)
Encumbrances	:	Charged to SMALL MEDIUM ENTERPRISE DEVELOPMENT BANK MALAYSIA BERHAD, vide Presentation No. 041SC421/2021 dated 18 March 2021

DESCRIPTION OF THE SUBJECT PROPERTY 2

The Subject Property 2 is a parcel of industrial land which is almost rectangular in shape and lies higher with dual frontage road. The site having a provisional land area of approximately **8,954 square metres (about 96,380.85 square feet)**.

The main entrance to the Subject Property 2 is currently secured by a double hinged metal hoarding mounted onto steel pillars. The site is undergoing site clearance and levelling for proposed development of a single storey warehouse annexed three storey office building.

We have not conducted any reconnaissance survey to identify the site boundaries nor establish any encroachment of its boundary lines. However, we have assumed that the physical demarcation on the site is corresponding with those shown on the site plan of the title document.

THE PROPOSED BUILDING

The site is proposed to be built with a single storey warehouse annexed three storey office building which will be developed according to the specific use of Sumisaujana for its principal activities which is the manufacturing of O&G specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.

From our enquiry with Majlis Perbandaran Kuala Selangor the Subject Property 2 is categorised as "Industrial Zoning". We were given to understand that the Subject Property 2 has obtained approval of "Kebenaran Merancang" or Development Order with No Rujukan: MPKS-KM 20220124-006 from Majlis Perbandaran Kuala Selangor via a letter dated 15 April 2022.

We were also given to understand that the Building Plan also has obtained approval by Majlis Perbandaran Kuala Selangor via a letter dated 30 April 2024 with reference No. Bil.(37)dIm MPKS 200.11/280/13/12/2022-18A.

The warehouse building will be constructed of steel columns encased in concrete supporting partly steel roof trusses covered with corrugated metal sheets and partly reinforced concrete flat roof. The flooring will be of reinforced concrete slabs laid over hardcore.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The office building will be constructed of reinforced concrete framework with plastered brickwalls. The flooring is of reinforced concrete laid over hardcore for the ground floor and suspended reinforced concrete for the upper floors. Vertical access to the Subject Property 2 and between floors within the building will be via a passenger lift and two flights of reinforced concrete staircases further installed with iron railings.

Building Area

Upon completion of the Subject Property 2, the warehouse building will have a main floor area of approximately 3,686.47 square metres (about 41,759.67 square feet) with a ceiling height up to ridge and peak structure of 13.25 metres. The office building will have a total floor area of approximately 2,427.06 square metres (about 26,124.87 square feet).

During our inspection, we noted that the Subject Property 2 is at 47% stage of completion as at 11 May 2024 based on the Executive Progress Summary in Fortnightly Progress Report 13 issued by Pilot Construction Sdn Bhd (appointed contractor of Atreon Holdings Sdn Bhd) and approved by the RDO Architects Sdn Bhd (appointed architect of Atreon Holdings Sdn Bhd).

METHOD OF VALUATION

In arriving at the Market Value of the Subject Property 2, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**.

i) Cost Approach

Cost Approach entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land.

Depreciated Replacement Cost (DRC) method

We have adopted cost of construction for warehouse building at RM230.00 per square feet and for offices building at RM250.00 per square feet.

We also have counter check the building cost to the Contract Documents between Pilot Construction Sdn Bhd and Atreon Holdings Sdn Bhd. The building cost stated in the contract document is RM21,102,013.59 or approximately RM310.85 per square feet (based on built-up area of 67,884.54 square feet). We noted that the building cost per square feet is above the range stated in the COSTBOOK 2003. We understand that the building cost of the Subject Property 2 is higher due to the specific design of the Subject Property 2 where it is a green building with Leadership in Energy and Environmental Design (LEED) certification and a specially designed façade. After taking this into consideration, we have adopted the cost based on the COSTBOOK 2003 for our valuation of the Subject Property 2 in view that this reflects the average building price of the construction cost of warehouse building and offices building.

We have adopted straight line depreciation. The depreciation rate as per practice in the industry for similar type of properties are calculated based on Building Age over Building Life Span (50 years for industrial property).

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The following are transacted evidences of vacant industrial land comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. 11338, PN 78785, Mukim of Ijok, District of Kuala Selangor	Lot No. 41711, HSM 5431, Mukim of Ijok, District of Kuala Selangor	Lot No. 11305, PN 78752, Mukim of Ijok, District of Kuala Selangor	Lot No. 11316, PN 78763, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 9 (Lot 5), Jalan TIAJ 2/3, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	PT 41711, Jalan TIAJ 3/1/5, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 3, Jalan TIAJ 2/5, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 8, Jalan TIAJ 2/4, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Land Area	5,836 sq mt (62,818.70 sq ft)	6,379 sq mt (68,663.56 sq ft)	4,050 sq mt (43,594.20 sq ft)	4,050 sq mt (43,594.20 sq ft)
Date of Transaction	29/01/2024	26/05/2023	30/01/2023	05/01/2023
Tenure	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108
Vendor	Eastway Engineering Sdn Bhd	ETA Hardware Sdn Bhd	Cheng Heng Fook & Cheng Lee Tin	LNB Wood Base Sdn Bhd
Purchaser	LNB Wood Base Sdn Bhd	LB Auto Force (M) Sdn Bhd	TLH Action Plan Sdn Bhd	Teck Chuan Industrial Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM5,842,091	RM5,149,725	RM3,922,020	RM3,705,476
Analysed price per square feet	RM93.00	RM75.00	RM89.97	RM85.00
Adjustments	Adjustments based on Time Factor and Accessibility, where the Subject Property 2 can be easily seen from the main road (Jalan TIAJ 3)			
Adjusted price per square feet	RM102.30	RM86.63	RM103.92	RM98.18

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Based on the comparison method, the market price of the comparables of the vacant industrial land is ranging from RM75.00 per square feet to RM93.00 per square feet while the adjusted market price of the comparables of the vacant industrial land is ranging from RM86.63 per square feet to RM103.92 per square feet.

Some adjustments have been made based on the time factor at 5% and the visibility and accessibility at 10%. Time factors have been taken into consideration due to the increasing price trend from 2023 to 2024 in view that the vacant industrial lands under the Cost Approach can be adjusted for time factor based on the date of transaction. As such, we have adopted time factor adjustment of 5% for evidences in 2023, which are Evidence No. 2, Evidence No. 3 and Evidence No. 4.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



We have also taken into consideration that all four evidences are not nearly as good as the Subject Property 2 in term of visibility and accessibility. Adjustments have been made based on the visibility and accessibility at 10%. All of these evidences are located further away from the main road, however the Subject Property 2 can be easily visible and accessible from the main road which is Jalan TIAJ 3. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to Subject Property 2.

Having considered the above tabulated evidences of vacant industrial land, we are of the opinion the best comparable is Evidence No. 1, which is at adjusted market price of approximately RM102.30 per square feet, because the transaction is the most recent and the least adjusted than other comparables. Accordingly, we have adopted the comparison method for the vacant industrial land at RM102.00 per square feet.

The market values of the building and the vacant industrial land are combined to arrive at market value of the Subject Property 2, which is RM25,966,788.30, say RM25,970,000, based on the Cost Approach.

ii) Comparison Approach

The following are the transacted evidences of industrial lands with building comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. PT 41749, (PL 2954), Title No. HSM 5469, Mukim of Ijok, District of Kuala Selangor	Lot No. 11374, Title No. PN 78816, Mukim of Ijok, District of Kuala Selangor	Lot No. 11249, Title No. PN 78696, Mukim of Ijok, District of Kuala Selangor	Lot No. 11340, Title No. PN 78787, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 18, Jalan TIAJ 3/2/3, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 53, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 42, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 2A, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Types of Building	Three Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory
Land Area	4,070 sq mt (43,809.48 sq ft)	4,087 sq mt (43,992.47 sq ft)	4,811 sq mt (51,785.60 sq ft)	4,050 sq mt (43,593.20 sq ft)
Built up area (approximate)	30,000 sq ft	39,000 sq ft	42,000 sq ft	34,000 sq ft
Date of Transaction	18/09/2023	19/09/2022	19/10/2022	13/07/2023
Tenure	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108
Vendor	Wah Ha Corporation Sdn Bhd	LPI Aluminium Sdn Bhd	Strategi Sehati Sdn Bhd	TNC Plastic Sdn Bhd
Purchaser	Advanced Profinity Sdn Bhd	Bona Fide Technology (M) Sdn Bhd	Bryan Patrick Ooi Sze Yuan & Shawn Philip Ooi Sze Yew	Espet Extructions Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM10,450,000	RM8,600,000	RM10,000,000	RM8,500,000

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



Nos.	1	2	3	4
Analysed price on land area per square feet	RM238.53	RM195.49	RM193.10	RM194.98
Adjustments	Adjustments based on Accessibility, where the Subject Property 2 can be easily seen from the main road (Jalan TIAJ 3/1/1)			
Adjusted price per square feet	RM262.38	RM215.04	RM212.41	RM214.48

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Following the Comparison Approach, the market value for industrial lands with building is ranging from RM193.10 per square feet to RM238.54 per square feet while the adjusted market value of the comparables of the industrial lands with building is ranging from RM212.41 per square feet to RM262.39 per square feet.

We have taken into consideration that all four evidences are not nearly as good as the Subject Property 2 in term of visibility and accessibility. Adjustments have been made based on the visibility and accessibility at 10%. All of these evidences are located further away from the main road, however the Subject Property 2 can easily visible and accessible from main road which is Jalan TIAJ 3. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to Subject Property 2.

We have not made any adjustment on time factor for all four evidences of the industrial lands with building under the Comparison Approach. Based on our tabulated evidences for the industrial lands with buildings, the price trends were stagnant with no significant price increase noted, which can be due to market demands and market preferences. Therefore, we are in the opinion that there are no adjustment in time factors at the date of our valuation for industrial lands with building in Taman Alam Jaya Industrial Park.

Having considered the above transacted evidences of industrial lands with building, we are of the opinion the best comparable is Evidence No. 1, at RM238.54 per square feet, due to its similar characteristic with the Subject Property 2 which is a three storey office building as compared to the other comparables which are two storey office buildings. The adjusted market price of Evidence No. 1 due to visibility and accessibility factor is RM262.39 per square feet.

The Comparison Approach should be considered purely as a reference only given the uniqueness of the Subject Property 2 as well as the comparables which arises mainly due to wide-ranging difference in terms of size and shape, layouts, infrastructures, facilities, site improvement, and other relevant characteristics. As such, the identified comparables are merely useful to provide an overall guide pertaining to the range of market prices which are applicable for industrial lands with building.

Based on the Comparison Approach, the market value of the Subject Property 2 is RM25,250,000 (approximately RM262.00 per square feet with land area of 96,380.85 square feet).

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



RECONCILIATION OF VALUES

The market values derived by adopting the valuation methods are stated as below:-

Method of Valuation	Market Value
Cost Approach	RM25,970,000
Comparison Approach	RM25,250,000

The Cost Approach is the most common method for industrial property valuation. This is due to heterogeneous nature of the industrial property which are physically, functionally and economically different and requires complicated adjustments. We are of the view that the Cost Approach is preferred because of the distinct features in which each of the industrial building have a varied usage depends on the operator or business owner.

We have also adopted the Comparison Approach to ascertain the reasonability of market value of the Subject Property 2 derived from the Cost Approach. However we noted that the Comparison Approach is only suitable for homogenous nature of properties with minimal dissimilarities. In addition to that, several data and information are cannot be collected without the consent of the owner or operator of the industrial properties which are important to be considered the adjustments, such as built up area and ceiling heights.

Therefore, taking into all of these consideration, we are of the view that the Market Value of the Subject Property 2 of RM25,970,000 derived from the Cost Approach is considered as fair and accurate representation of the Market Value of the Subject Property 2.

VALUATION

Premised on the foregoing and after taking due consideration of factors pertaining to the Subject Property 2 in particular and other factors affecting value in general, we are of the opinion that the **Market Value of Lot No. PT 41736, Title No. HS(M) 5456, Mukim of Ijok, District of Kuala Selangor, State of Selangor, (a parcel of industrial land with proposed single storey warehouse annexed three storey office building, bearing a postal address of No. 1, Jalan TIAJ 3/1/1, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor) having a provisional land area of 8,954 square metres (about 96,380.85 square feet) as at the material date of valuation on 16 May 2024, subject to the land title being good, marketable and registrable, free from legal encumbrances and with the benefit of vacant possession, is as below:-**

Market Value on the assumptions that the land and the proposed single storey warehouse annexed three storey office building has been completed and built accordance with approved building plan and specifications with a Certificate of Completion and Compliance (CCC) issued	RM25,970,000 (Ringgit Malaysia: Twenty Five Million Nine Hundred and Seventy Thousand Only)
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16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



(3) SUBJECT PROPERTY 3

Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor

The valuation is carried out based on the following **BASIS:-**

The Subject Property 3 is a single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor.

In ascertaining the Market Value of the Subject Property 3, we are of the opinion that the most appropriate basis of valuation would be to value the Subject Property 3 in its existing use and condition.

For the avoidance of doubt, we have not included the plant and machineries in our valuation as the plant and machineries are currently owned by Sumisaujana TCM Chemicals Sdn Bhd.

LEGAL DESCRIPTION AND TITLE PARTICULARS OF SUBJECT PROPERTY 3

Lot No.	:	Lot 11376
Title No.	:	PN 78818
Bandar	:	Mukim Ijok
District	:	Kuala Selangor
State	:	Selangor
Registered Land Area	:	7,166.00 square metres (about 77,134.82 square feet)
Annual Quit Rent	:	RM1,706.00 per annum
Tenure	:	Leasehold interest for 99 years expiring on 23 August 2108. Thus having an unexpired term of about 84 years
Reservation Area	:	Not Stated
Category of Land use	:	Industri
Express Condition	:	Industri
Restriction-in-Interest	:	"Tanah ini boleh dipindahmilik, dipajak atau digadai setelah mendapat kebenaran Pihak Berkuasa Negeri"
Registered Owners	:	EARTHWOOD FURNITURE SDN BHD Company Registration No. 200301017337 (619757-D)
Encumbrances	:	Charged to RHB ISLAMIC BANK BERHAD, vide Presentation No. 001SC13779/2022 dated 15 February 2022
Miscellaneous	:	1) Private caveat entered by RHB ISLAMIC BANK BERHAD via presentation No. 001B40842/2021 dated 1 November 2021 2) Private caveat entered by Sumisaujana TCM Chemicals Sdn Bhd via presentation No. 001B30559/2023 dated 14 July 2023

We have noted that a sale and purchase agreement have been entered between Earthwood Furniture Sdn Bhd and Sumisaujana TCM Chemicals Sdn Bhd on 29 March 2023 for the acquisition of the Subject Property 3 by Sumisaujana TCM Chemicals Sdn Bhd.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



DESCRIPTION OF THE SUBJECT PROPERTY 3

The Subject Property 3 is on a plot of industrial land which is almost rectangular in shape, flat in terrain and lies slightly higher than the frontage road known as Jalan TIAJ 2/1. The site contains a registered land area of **7,166.00 square metres (about 77,134.82 square feet)**.

The Subject Property 3 is designated for industrial use. From our enquiry with Majlis Perbandaran Kuala Selangor the Subject Property 3 is categorised as "Industrial Zoning".

The main entrance to the Subject Property 3 is secured by a sliding metal gate mounted onto brick pillars whilst the remaining plot boundaries are demarcated with 5 feet brickwall fencing.

THE BUILDING

Erected upon the site is a single storey detached factory annexed double storey office building which is developed according to the specific use of Sumisaujana for its principal activities which is the manufacturing of O&G specialty chemicals, trading of O&G specialty and industrial chemicals, and provision of related support services.

The factory building is constructed of steel columns encased in concrete supporting steel roof trusses covered with corrugated metal sheets. The flooring is of reinforce concrete slabs laid over hardcore, whilst the office building is constructed of reinforced concrete framework with plastered brickwalls. The flooring is of reinforced concrete laid over hardcore for the ground floor and suspended reinforce concrete for the first floor.

Building Area

The factory building has a main floor area of approximately 3,989.50 square metres (about 42,942.60 square feet) with a ceiling height of 12.00 metres. The office building has a total floor area of approximately 836.40 square metres (about 9,002.90 square feet).

We were given to understand that there are a few minor extension and renovation at ground floor and first floor to accommodate several Office Area, New Filing Room, Surau, Control Panel area, Discussion Area and Pantry.

We have consider the extension and renovation as part of the office and were also given to understand that the approval for extension and renovation within the Subject Property 3 by Majlis Perbandaran Kuala Selangor on 27 March 2024 with reference No. 200.11/280/4/12/2024-58.

OCCUPANCY STATUS

On the date of our inspection, we noted that the Subject Property 3 is tenanted to SUMISAUJANA TCM CHEMICALS SDN BHD at a monthly rental fee of RM60,000 based on the tenancy agreement dated 1 March 2020.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The salient terms of the tenancy agreement are as follows:

Date of agreement	:	1 March 2020
Tenancy period	:	1 March 2020 to 28 February 2025
Termination	:	Both the landlord and Sumisaujana TCM Chemicals Sdn Bhd may terminate this Tenancy Agreement by giving the other party 6 months' notice in advance and in writing 6 months' rental in lieu of notice. In the event, the landlord decides to sell the Subject Property 3 to a third party, the third party shall continue the tenancy agreement until the tenure expires.

METHOD OF VALUATION

In arriving at the Market Value of the Subject Property 3, we have considered 2 approaches, being the **Cost Approach** and the **Comparison Approach**.

i) Cost Approach

Cost Approach entails the summation of the Depreciated Replacement Cost (DRC) method for the valuation of the building and Comparison method for the valuation of the vacant industrial land.

Depreciated Replacement Cost (DRC) method

Notwithstanding that the Subject Property 3 is a single storey detached factory annexed double storey office building, we have adopted the "warehouse building" category under the "Average Building Price" section of the COSTBOOK 2023 in view that the Subject Property 3 is a building with steel structure and metal deck roofing.

We have adopted cost of construction for factory/warehouse building at RM230.00 per square feet and for offices building at RM250.00 per square feet.

We have adopted straight line depreciation. The depreciation rate as per practice in the industry for similar type of properties are calculated based on Building Age over Building Life Span (50 years for industrial property). Based on this, the depreciation rate adopted is 26%, where the Building Age is calculated from the date issued "Perakuan Kelayakan Menduduki" by Majlis Daerah Kuala Selangor which is on 1 June 2011 vide Letter No. 280/13-11.

The following are transacted evidences of vacant industrial land comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. 11338, PN 78785, Mukim of Ijok, District of Kuala Selangor	Lot No. 41711, HSM 5431, Mukim of Ijok, District of Kuala Selangor	Lot No. 11305, PN 78752, Mukim of Ijok, District of Kuala Selangor	Lot No. 11316, PN 78763, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 9 (Lot 5), Jalan TIAJ 2/3, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	PT 41711, Jalan TIAJ 3/1/5, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 3, Jalan TIAJ 2/5, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 8, Jalan TIAJ 2/4, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Land Area	5,836 sq mt (62,818.70 sq ft)	6,379 sq mt (68,663.56 sq ft)	4,050 sq mt (43,594.20 sq ft)	4,050 sq mt (43,594.20 sq ft)

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



Nos.	1	2	3	4
Date of Transaction	29/01/2024	26/05/2023	30/01/2023	05/01/2023
Tenure	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108
Vendor	Eastway Engineering Sdn Bhd	ETA Hardware Sdn Bhd	Cheng Heng Fook & Cheng Lee Tin	LNB Wood Base Sdn Bhd
Purchaser	LNB Wood Base Sdn Bhd	LB Auto Force (M) Sdn Bhd	TLH Action Plan Sdn Bhd	Teck Chuan Industrial Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM5,842,091	RM5,149,725	RM3,922,020	RM3,705,476
Analysed price per square feet	RM93.00	RM75.00	RM89.97	RM85.00
Adjustments	Adjustments based on Time Factor and Accessibility			
Adjusted price per square feet	RM97.65	RM82.69	RM99.19	RM93.71

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Based on the comparison method, the market price of the comparables of the vacant industrial land is ranging from RM75.00 per square feet to RM93.00 per square feet while the adjusted market price of the comparables of the vacant industrial land is ranging from RM82.69 per square feet to RM99.19 per square feet.

Some adjustments have been made based on the time factor at 5% and the accessibility at 5%. Time factors have been taken into consideration due to the increasing price trend from 2023 to 2024 in view that the vacant industrial lands under the Cost Approach can be adjusted for time factor based on the date of transaction. As such, we have adopted time factor adjustment of 5% for evidences in 2023, which are Evidence No. 2, Evidence No. 3 and Evidence No. 4.

We have also taken into consideration that all four evidences are not nearly as good as the Subject Property 3 in term of accessibility. Adjustments have been made based on the accessibility at 5%. All of these evidences are located further away from the main road, however the Subject Property 3 is more accessible from the main road which is Jalan TIAJ 3 as compared to these evidences. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to Subject Property 3.

Having considered the above tabulated evidences of vacant industrial land, we are of the opinion the best comparable is Evidence No. 1, which is at adjusted market price of approximately RM97.65 per square feet, because the transaction is the most recent and the least adjusted than other comparables. Accordingly, we have adopted the comparison method for the vacant industrial land at RM98.00 per square feet.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



The market values of the building and the vacant industrial land are combined to arrive at market value of the Subject Property 3, which is RM16,533,579.38, say **RM16,530,000**, based on the Cost Approach.

ii) Comparison Approach

The following are the transacted evidences of industrial lands with building comparable to guide us in our valuation:-

Nos.	1	2	3	4
Lot Nos.	Lot No. PT 41749, (PL 2954), Title No. HSM 5469, Mukim of Ijok, District of Kuala Selangor	Lot No. 11374, Title No. PN 78816, Mukim of Ijok, District of Kuala Selangor	Lot No. 11249, Title No. PN 78696, Mukim of Ijok, District of Kuala Selangor	Lot No. 11340, Title No. PN 78787, Mukim of Ijok, District of Kuala Selangor
Property Address	No. 18, Jalan TIAJ 3/2/3, Taman Industri Alam Jaya II, 42300 Bandar Puncak Alam, Selangor	No. 53, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 42, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor	No. 2A, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor
Types of Building	Three Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory	Double Storey Office with Single Storey Detached Factory
Land Area	4,070 sq mt (43,809.48 sq ft)	4,087 sq mt (43,992.47 sq ft)	4,811 sq mt (51,785.60 sq ft)	4,050 sq mt (43,593.20 sq ft)
Built up area (approximate)	30,000 sq ft	39,000 sq ft	42,000 sq ft	34,000 sq ft
Date of Transaction	18/09/2023	19/09/2022	19/10/2022	13/07/2023
Tenure	Leasehold interest for 99 years expiring on 27 July 2096	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108	Leasehold interest for 99 years expiring on 23 August 2108
Vendor	Wah Ha Corporation Sdn Bhd	LPI Aluminium Sdn Bhd	Strategi Sehati Sdn Bhd	TNC Plastic Sdn Bhd
Purchaser	Advanced Profinity Sdn Bhd	Bona Fide Technology (M) Sdn Bhd	Bryan Patrick Ooi Sze Yuan & Shawn Philip Ooi Sze Yew	Espe Extractions Sdn Bhd
Share	1/1	1/1	1/1	1/1
Consideration	RM10,450,000	RM8,600,000	RM10,000,000	RM8,500,000
Analysed price on land area per square feet	RM238.53	RM195.49	RM193.10	RM194.98
Adjustments	Adjustments based on Accessibility			
Adjusted price per square feet	RM250.46	RM205.26	RM202.76	RM204.73

Notes:

"sq ft" denotes as square feet

"sq mt" denotes as square metre

Source:- *Jabatan Penilaian dan Perkhidmatan Harta*

Following the Comparison Approach, the transaction for industrial lands with building is ranging from RM193.10 per square feet to RM238.53 per square feet while the adjusted market price of the comparables of the industrial lands with building is ranging from RM202.76 per square feet to RM250.46 per square feet.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



We have taken into consideration that all four evidences are not nearly as good as the Subject Property 3 in term of accessibility. Adjustments have been made based on the accessibility at 5%. All of these evidences are located further away from the main road, however the Subject Property 3 is more accessible from the main road which is Jalan TIAJ 3 as compared to these evidences. Jalan TIAJ 3 is the main road connecting Jalan Persiaran Puncak Alam 6 (Bandar Puncak Alam) to the Subject Property 3.

We have not made any adjustment on time factor for all four evidences of the industrial lands with building under the Comparison Approach. Based on our tabulated evidences for the industrial lands with buildings, the price trends were stagnant with no significant price increase noted, which can be due to market demands and market preferences. Therefore, we are in the opinion that there are no adjustment in time factors at the date of our valuation for industrial lands with building in Taman Alam Jaya Industrial Park.

Having considered the above transacted evidences of industrial lands with building, we are of the opinion the best comparable is Evidence No. 2, at RM195.49 per square feet, due to its similar characteristic with the Subject Property 3 which is a double storey office building at similar location with same access road as the Subject Property 3 and similar physical resemblance of office building to Subject Property 3. The adjusted market price of Evidence No. 2 due to accessibility factory is RM205.26.

The Comparable Approach should be considered purely as a reference only given the uniqueness of the Subject Property 3 as well as the comparables which arises mainly due to wide-ranging difference in terms of size and shape, layouts, infrastructures, facilities, site improvement, and other relevant characteristics. As such, the identified comparables are merely useful to provide an overall guide pertaining to the range of market prices which are applicable for industrial lands with building.

Based on the Comparison Approach, the market value of the Subject Property 3 is RM15,810,000 (approximately RM205.00 per square feet with land area of 77,134.82 square feet).

RECONCILIATION OF VALUES

The market values derived by adopting the valuation methods are stated as below:-

Method of Valuation	Market Value
Cost Approach	RM16,530,000
Comparison Approach	RM15,810,000

The Cost Approach is the most common method for industrial property valuation. This is due to heterogeneous nature of the industrial property which are physically, functionally and economically different and requires complicated adjustments. We are of the view that the Cost Approach is preferred because of the distinct features in which each of the industrial building have a varied usage depends on the operator or business owner.

We have also adopted the Comparison Approach to ascertain the reasonability of market value of the Subject Property 3 derived from the Cost Approach. However we noted that the Comparison Approach is only suitable for homogenous nature of properties with minimal dissimilarities. In addition to that, several data and information are cannot be collected without the consent of the owner or operator of the industrial properties which are important to be considered the adjustments, such as built up area and ceiling heights.

16. MASTER VALUATION CERTIFICATE FOR LOT 41735, LOT 41736 AND PUNCAK ALAM FACTORY ISSUED BY THE VALUER, TOGETHER WITH THE UPDATED VALUATION LETTER (CONT'D)



Therefore, taking into all of these consideration, we are of the view that the Market Value of the Subject Property 3 of RM16,530,000 derived from the Cost Approach is considered as fair and accurate representation of the Market Value of the Subject Property 3.

VALUATION

Premised on the foregoing and after taking due consideration of factors pertaining to the Subject Property 3 in particular and other factors affecting value in general, we are of the opinion that the **Market Value** of the Subject Property 3 identified as **Lot No. 11376, Title No. PN 78818, Mukim of Ijok, District of Kuala Selangor, State of Selangor, (a single storey detached factory annexed double storey office building, bearing a postal address of No. 57, Jalan TIAJ 2/1, Taman Industri Alam Jaya, 42300 Bandar Puncak Alam, Selangor) having a registered land area of 7,166 square metres (about 77,134.82 square feet) subject to the title being good, marketable and registrable, free from legal encumbrances and with the benefit of vacant possession is RM16,530,000 (Ringgit Malaysia: Sixteen Million Five Hundred and Thirty Thousand Only).**

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