

# SWANG CHAI CHUAN LIMITED 雙財莊有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2321



INTERIM REPORT **2022**

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Soon See Beng (*Chairman*)  
Mr. Soon Chiew Ang  
Mr. Soon See Long

#### Independent Non-executive Directors

Mr. Khoo Chee Siang  
Mr. Ooi Guan Hoe  
Datuk Tan Teow Choon  
Mr. Ngai Wah Sang  
Ms. Tiong Hui Ling

### AUDIT COMMITTEE

Mr. Ooi Guan Hoe (*Chairman*)  
Datuk Tan Teow Choon  
Mr. Khoo Chee Siang

### REMUNERATION COMMITTEE

Mr. Khoo Chee Siang (*Chairman*)  
Mr. Ooi Guan Hoe  
Datuk Tan Teow Choon

### NOMINATION COMMITTEE

Datuk Tan Teow Choon (*Chairman*)  
Mr. Ooi Guan Hoe  
Mr. Khoo Chee Siang

### COMPANY SECRETARY

Mr. Lam Kwun Leung (*HKICPA*)

### AUTHORISED REPRESENTATIVES

Mr. Soon See Beng  
Mr. Lam Kwun Leung

### REGISTERED OFFICE

71 Fort Street  
PO Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

Lot 147-A  
Kawasan Perindustrian Semambu  
25350 Kuantan  
Pahang  
Malaysia

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2201-2203, 22/F  
Tai Tung Building  
8 Fleming Road  
Wanchai  
Hong Kong

### JOINT AUDITORS

Mazars CPA Limited  
*Certified public Accountants, Hong Kong*  
42nd Floor, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

Mazars LLP  
*Public Accountants and Chartered Accountants,*  
Singapore  
135 Cecil Street  
#10-01 MYP Plaza  
Singapore 069536

### PRINCIPAL BANKERS

#### **CIMB Bank Berhad**

13th Floor, Menara CIMB  
Jalan Stesen Sentral 2  
Kuala Lumpur Sentral  
50740 Kuala Lumpur  
Malaysia

#### **CIMB Islamic Bank Berhad**

Level 19, Menara Bumiputra-Commerce  
11 Jalan Raja Laut  
50350 Kuala Lumpur  
Malaysia

### COMPLIANCE ADVISER

#### **Sunny Fortune Capital Limited**

2101 Chinachem Century Tower,  
178 Gloucester Road,  
Wanchai,  
Hong Kong

### STOCK CODE

2321

### COMPANY WEBSITE

<https://www.sccgroup.com.my/>

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

#### **Appleby Global Services (Cayman) Limited**

71 Fort Street  
PO Box 500  
George Town  
Grand Cayman KY1-1106  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

#### **Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## FINANCIAL HIGHLIGHTS

|  | For the six months ended 30 June |             |
|--|----------------------------------|-------------|
|  | 2022                             | 2021        |
|  | RM'000                           | RM'000      |
|  | (Unaudited)                      | (Unaudited) |
| Revenue  | 399,932                          | 320,744     |
| Gross profit                                       | 56,943                           | 47,565      |
| Gross profit margin                                | 14.2%                            | 14.8%       |
| Profit before tax                                  | 22,630                           | 18,976      |
| Profit for the period                              | 15,999                           | 13,867      |
| Profit for the period (excluding listing expenses) | 19,475                           | 16,135      |
| <b>EARNINGS PER SHARE</b>                          |                                  |             |
| – Basic and diluted                                | 2.21 Sen                         | 1.92 Sen    |

## COMPANY BACKGROUND

Swang Chai Chuan Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) is an established distributor of food & beverage (the “**F&B**”) and other products located in Malaysia. The Company distributes a great selection of products consisting of more than 200 international, domestic third-party and own brands. Apart from F&B products such as dairy products, frozen food, packaged food and commodities, sauce, oil and condiments, beverages and speciality products, the Company also provides non-F&B options, which include personal and baby care products, pet care products and cleaning and kitchen supplies. Furthermore, the Company has a broad sales network which allows a high level of customer reach via hypermarket/supermarket chains, provision shops, convenience stores/kiosks, F&B dealers and merchandisers, hotels/restaurants/cafes and school canteens. On top of supplying products to customers, the Company also offers other services such as warehousing, logistics, sales and marketing support and other services which can enhance consumers’ experience.

## BUSINESS REVIEW AND PROSPECTS

As the world has been affected by the COVID-19 pandemic since the end of 2019, which led to an increase of demand of F&B products, the Company had to accelerate its business in 2020 by leasing 2 more warehouses located in Kuantan and Perai of Malaysia to satisfy the demand. By the end of 2021, the Company has a total of 8 self-owned and 4 leased warehouses strategically distributed in Malaysia which contributed to an aggregate designated storage capacity of approximately 25,600m<sup>3</sup>. In addition, the Company also owns a fleet with more than 140 self-operated logistics vehicles, of which approximately 100 are refrigerated vehicles, which allows the Group to enhance its service quality.

The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 August 2022 (the “**Initial Listing**”). The Initial Listing represents an important milestone to the Group and will greatly benefit the Group’s development in the future.

Looking forward, we will continue to utilize our existing industry knowledge to expand our core strengths and target to explore more business opportunities, and also exercise careful cost control measures under high inflation business environment to enhance profit margin and maintain competitiveness.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL OVERVIEW

Save as disclosed below, there are no material changes in the Group's performance from the information disclosed in the Prospectus.

### Revenue

The Company's revenue is primarily generated from (i) the distribution and sales of F&B and other products and (ii) the provision of logistics, warehousing services and others. For the six months ended 30 June 2022 (the "**Period**"), the Group's revenue increased by approximately Malaysian Ringgit ("**RM**") 79.2 million or 24.7% from approximately RM320.7 million in the six months ended 30 June 2021 (the "**Last Corresponding Period**") to approximately RM399.9 million in the Period, which is mainly due to (i) the increase in revenue from third party brands products by approximately RM63.5 million or 25.1% mainly contributed by sauce, oil, and condiments, beverage products and packaged food and commodities, and (ii) increase in revenue from own brand and white label products by approximately RM16.0 million or 25.3% mainly contributed by frozen food and pet care products.

### Gross profit and gross profit margin

The gross profit margin decreased to approximately 14.2% in the Period as compared to approximately 14.8% in the Last Corresponding Period. The decrease in the gross profit margin was due to the result of competitive price strategy adjustment to capture market share. The gross profit increased from approximately RM47.6 million in the Last Corresponding Period to approximately RM56.9 million in the Period, representing an increase of approximately 19.5%. The increase in gross profit in the Period was generally in line with the increase in distribution revenue.

### Other income

Other income mainly consists of interest income, sundry income, and others. Other income decreased by approximately RM112,000 or 18.4%, from approximately RM610,000 in the Last Corresponding Period to approximately RM498,000 in the Period which was primarily due to the decrease in interest income and rental income.

### Selling and distribution expenses

Selling and distribution expenses primarily comprise staff cost, marketing and advertising expenses, transportation expenses, and vehicle maintenance expenses. Selling and distribution expenses increased by approximately RM3.9 million or 21.4%, from approximately RM18.2 million in the Last Corresponding Period to approximately RM22.1 million in the Period which was mainly due to the increase in (i) marketing and advertising expenses as more marketing activities were conducted to promote sales; and (ii) travelling, transportation and storage expenses to support the increasing activities of sales.

### Administrative and other operating expenses

Administrative and other operating expenses primarily comprise staff costs including directors' remuneration, utility expenses, insurance expenses and depreciation. Administrative and other operating expenses increased by approximately RM0.5 million or 6.3%, from approximately RM8.0 million in the Last Corresponding Period to approximately RM8.5 million in the Period which was primarily due to the increase in the utility expense and staff cost for more employees to enhance the administration to meet the enlarged scale of operation.

### Finance costs

Finance costs mainly represent interest on interest-bearing borrowings and lease liabilities. The finance costs decreased by approximately RM32,000 or 4.2% from approximately RM758,000 in Last Corresponding Period to approximately RM726,000 in the Period, which was mainly due to the decrease in interest on lease liabilities for the Period.

### Income tax expenses

Income tax expenses primarily consist of current and deferred income tax at the applicable tax rate in accordance with the relevant laws and regulations in Malaysia. No provision for Hong Kong profit tax has been made as the Group has no assessable profits arising in or derived from Hong Kong and the group entities established in the Cayman Islands and the British Virgin Islands are exempted from corporate income tax therein. Income tax expenses for the Period increased by approximately RM1.5 million or 29.4% to approximately RM6.6 million from approximately RM5.1 million in the Last Corresponding Period. The increase in income tax expenses was mainly due to the increase in profit before tax generated in the Period.

### Profit for the period and net profit margin

As a result of the foregoing, the Group recorded a profit for the period of approximately RM16.0 million in the Period and approximately RM13.9 million in the Last Corresponding Period. The net profit margin of the Group remained relatively stable at approximately 4.0% and 4.3% in the Period and the Last Corresponding Period, respectively.

Excluding the non-recurring listing expenses, the Group recorded a profit for the period of approximately RM19.5 million and RM16.1 million in the Period and the Last Corresponding Period, respectively.

## OTHER INFORMATION

### USE OF PROCEEDS FROM THE INITIAL LISTING

On 19 August 2022 (the “**Listing Date**”), the shares of the Company (the “**Share**”) were listed on the Main Board of the Stock Exchange. The Group intends to apply the proceeds from the issuance of 241,000,000 Shares at the offer price of Hong Kong dollars (“**HK\$**”) 0.56 per Share (the “**Global Offering**”) in accordance with the proposed applications set out in the section headed “Net Proceeds From The Global Offering” in the announcement of offer price and allotment result dated 18 August 2022.

After deducting share issuance expense and professional fee regarding the Global Offering, assuming the Over-allotment Option (as defined in the Prospectus) is not exercised, the net proceeds amounted to approximately HK\$87.0 million. If the Over-allotment Option is exercised in full, the Company will receive additional net proceeds of approximately HK\$18.2 million for the issue of 36,150,000 additional new shares. In such event, the Company will increase the intended use of net proceeds on a pro rata basis. Given the Global Offering was completed after the Period, there was no utilisation of the proceeds as at 30 June 2022.

### LIQUIDITY, CAPITAL RESOURCES AND CAPITAL STRUCTURE

The Group generally finances its operations primarily through bank borrowings and internal resources. Following the completion of the Global Offering in August 2022, the net proceeds from the Global Offering are expected to provide additional funds for future cash requirements. It is anticipated that the Group has sufficient working capital to fund its future working capital, capital expenditure and other cash requirements.

As at 30 June 2022, the Group’s net current assets were approximately RM97.1 million (31 December 2021: approximately RM84.5 million). The Group’s cash and cash equivalents as at 30 June 2022 were approximately RM9.6 million (31 December 2021: approximately RM4.5 million).

As at 30 June 2022, there were bank borrowings of approximately RM47.5 million bearing interest rate of base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum (31 December 2021: approximately RM41.4 million bearing interest rate of base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum).

As at 30 June 2022, the Group had total available banking facilities of approximately RM97.3 million, of which approximately RM58.1 million was utilized and approximately RM39.2 million was unutilized and available for use.

### GEARING RATIO

As at 30 June 2022, the gearing ratio of the Group, based on total interest-bearing borrowings and lease liabilities to total equity (including all capital and reserves) of the Company was approximately 39.8% (31 December 2021: approximately 40.7%). The decrease in gearing ratio is primarily attributable to the increase in the equity.

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group employed 764 full-time employees in Malaysia, of whom 26 were foreign labour. The Group recognises the importance of maintaining good relationship with its employees and retaining competent staff to ensure operational efficiency and effectiveness. The remuneration packages offered to the Group's employees are based on each employee's qualifications, relevant experience, position and seniority. The Group conducts review on salary increments, bonuses and promotions based on the performance, qualifications, competence displayed and market comparable of each employee. The Group provides ample career development opportunities and training supports to new employees. During the Period, the Group has not experienced any significant problems with its employees or material disruption to the operations due to labour disputes, nor has the Group experienced any material difficulties in the recruitment and retention of staff.

### TREASURY POLICIES AND FOREIGN CURRENCY EXPOSURE

The Group is exposed to foreign currency risk which refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Group's transactions are mainly denominated in RM. Certain financial assets and liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. As at 30 June 2022, the Group had outstanding foreign currency forward contract to sell approximately RM4.4 million buy approximately Euro 1.0 million (31 December 2021: nil) and sell approximately RM6.9 million buy approximately Australian dollars ("AUD") 2.3 million (31 December 2021: sell approximately RM0.5 million buy approximately AUD0.2 million). The Group closely monitors the movement of the foreign currency rates and its foreign currency risks. The Group has not experienced any material difficulty or liquidity problems resulting from foreign exchange fluctuations.

### PLEDGE OF ASSETS

As at 30 June 2022, the (i) bank overdrafts and interest-bearing borrowings and (ii) lease liabilities of the Group are secured by certain assets of the Group which are set out in Note 10, 11, 15 and 16 to the condensed consolidated financial statements.

### CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

### SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this report, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

## OTHER INFORMATION

### FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, the Group had no specific plan for material commitments or capital assets as at 30 June 2022.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

As the Shares have not been listed on the Stock Exchange as at 30 June 2022, the Model Code as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) was not applicable to the Company for the Period. The Company has adopted the Model Code as rules governing dealings by the Directors in the listed securities of the Company on the Listing Date. Based on the specific enquiry with the Directors, all the Directors has complied with the required standards as set out in the Model Code since the Listing Date and up to the date of this report.

### CORPORATE GOVERNANCE

As the Shares were not listed on the Stock Exchange until the Listing Date, the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Listing Rules was not applicable to the Company for the Period. Save for the deviation from code provisions C.2.1 and C.6.1 of Part 2 of the CG Code, the Company has complied with required standards as set out in the CG Code since the Listing Date and up to the date of this report.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Soon See Beng currently holds both positions. Mr. Soon See Beng has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. Taking into account the continuation of the implementation of our business plans, the Directors (including the independent non-executive Directors) consider Mr. Soon See Beng as the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the shareholders as a whole. The balance of power and authority is ensured by the operation of the senior management and the board of the Directors, which comprises experienced and high-calibre individuals. The Board currently comprises three executive Directors (including Mr. Soon See Beng) and five independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Pursuant to code provision C.6.1 of Part 2 of the CG Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. Mr. Lam Kwun Leung does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Mr. Lam Kwun Leung as the company secretary of the Company. In this respect, the Company has nominated Mr. Soon See Beng as its contact point with Mr. Lam Kwun Leung. While the Company is well aware of the importance of the company secretary in supporting the Board on governance matters, after having considered Mr. Lam Kwun Leung’s prior experience in acting as the company secretary of a company listed on the Stock Exchange, both the Company and Mr. Lam Kwun Leung are of the view that there will be sufficient experience as well as time, resources and support for fulfilment of the company secretary requirements of the Company. In view of Mr. Lam Kwun Leung’s experience in company secretarial functions, the Directors believe that Mr. Lam Kwun Leung has the appropriate company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

## AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with the requirements of the CG Code for the purpose of reviewing and supervising the Group's financial reporting process. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Ooi Guan Hoe, Datuk Tan Teow Choon and Mr. Khoo Chee Siang. Mr. Ooi Guan Hoe is the chairman of the Audit Committee.

## REVIEW OF THE INTERIM RESULTS

The Audit Committee had reviewed the unaudited consolidated results of the Group for the Period and discussed with the management of the Company on the accounting principles and practices adopted by the Group as well as internal controls and other financial reporting matters.

## INTERESTS OF DIRECTORS AND THE CHIEF EXECUTIVE

The Shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date. As at the date of this report, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Commission ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interests and/or short positions in our Company

| Director           | Nature of Interest                                  | Number of Shares Held <sup>(1)</sup> | Percentage of Interest in the Company |
|--------------------|---|--------------------------------------|---------------------------------------|
| Mr. Soon See Beng  | Interest in a controlled corporation <sup>(2)</sup> | 686,850,000 (L)                      | 71.25%                                |
| Mr. Soon Chiew Ang | Interest in a controlled corporation <sup>(2)</sup> | 686,850,000 (L)                      | 71.25%                                |
| Mr. Soon See Long  | Interest in a controlled corporation <sup>(2)</sup> | 686,850,000 (L)                      | 71.25%                                |

*Notes:*

- (1) The letter "L" denotes long position in the shares held.
- (2) These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10% and 10% by Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.

Save as disclosed above, as at the date of this report, none of our Directors nor the chief executive of our Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the date of this report, so far as our Directors are aware, the following persons had an interest or short position in the Shares or the underlying Shares which were required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name                                 | Capacity/nature of interest          | Number of Shares <sup>(1)</sup> | Approximate percentage of shareholding |
|--------------------------------------|--------------------------------------|---------------------------------|--|
| Soon Holdings Limited <sup>(2)</sup> | Beneficial owner                     | 686,850,000 (L)                 | 71.25%                                 |
| Mr. Soon See Beng <sup>(2)</sup>     | Interest in a controlled corporation | 686,850,000 (L)                 | 71.25%                                 |
| Mr. Soon Chiew Ang <sup>(2)</sup>    | Interest in a controlled corporation | 686,850,000 (L)                 | 71.25%                                 |
| Mr. Soon See Long <sup>(2)</sup>     | Interest in a controlled corporation | 686,850,000 (L)                 | 71.25%                                 |
| Ms. Soon Lee Shiang <sup>(2)</sup>   | Interest in a controlled corporation | 686,850,000 (L)                 | 71.25%                                 |
| Ms. Ng Mee Lam <sup>(3)</sup>        | Interest of spouse                   | 686,850,000 (L)                 | 71.25%                                 |
| Ms. Ng Kar Wei <sup>(4)</sup>        | Interest of spouse                   | 686,850,000 (L)                 | 71.25%                                 |
| Ms. Yang Lixia <sup>(5)</sup>        | Interest of spouse                   | 686,850,000 (L)                 | 71.25%                                 |
| Mr. Lim Tau Hong <sup>(6)</sup>      | Interest of spouse                   | 686,850,000 (L)                 | 71.25%                                 |
| Mr. Tee Kian Heng                    | Beneficial owner                     | 50,000,000 (L)                  | 5.19%                                  |

*Notes:*

- (1) The letter "L" denotes a long position in the Shares.
- (2) These shares are held by Soon Holdings Limited. The issued share capital of Soon Holdings Limited is owned as to 70%, 10%, 10% and 10% by Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang respectively, and therefore, each of Mr. Soon See Beng, Mr. Soon Chiew Ang, Mr. Soon See Long and Ms. Soon Lee Shiang are deemed to be interested in all the Shares registered in the name of Soon Holdings Limited in the Company under Part XV of the SFO.
- (3) Ms. Ng Mee Lam is the spouse of Mr. Soon See Beng. Accordingly, Ms. Ng Mee Lam is deemed to be interested in all the Shares held by Mr. Soon See Beng under Part XV of the SFO.
- (4) Ms. Ng Kar Wei is the spouse of Mr. Soon Chiew Ang. Accordingly, Ms. Ng Kar Wei is deemed to be interested in all the Shares held by Mr. Soon Chiew Ang under Part XV of the SFO.
- (5) Ms. Yang Lixia is the spouse of Mr. Soon See Long. Accordingly, Ms. Yang Lixia is deemed to be interested in all the Shares held by Mr. Soon See Long under Part XV of the SFO.
- (6) Mr. Lim Tau Hong is the spouse of Ms. Soon Lee Shiang. Accordingly, Mr. Lim Tau Hong is deemed to be interested in all the Shares held by Ms. Soon Lee Shiang under Part XV of the SFO.

Save as disclosed above, as at the date of this report, the Directors are not aware of any other person had a beneficial interest or short position in the Shares as recorded in the register required to be kept under Section 336 of the SFO or the underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme upon the passing of the written resolutions of the shareholder on 14 July 2022 (the “**Share Option Scheme**”). Pursuant to the Share Option Scheme, the Directors may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Upon the listing of the Shares on the Stock Exchange on the Listing Date, all conditions set forth have been satisfied. No share option has been granted under the Share Option Scheme since its adoption.

### INTERIM DIVIDEND

The Directors of the Company do not recommend payment of an interim dividend to shareholders of the Company for the Period.

### IMPORTANT EVENTS AFTER THE REVIEW PERIOD

On 19 August 2022, the Company’s shares were listed on the Stock Exchange and 241,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.56 per share assuming that the Over-allotment Option is not exercised, by way of global offering. As of the date of this report, the Over-allotment Option has not been exercised.

Save as disclosed above, there are no material subsequent events undertaken by the Company or by the Group after 30 June 2022 and up to the date of this report.

By order of the Board  
**Swang Chai Chuan Limited**  
**Mr. Soon See Beng**  
*Chairman and Chief Executive Officer*

Hong Kong, 31 August 2022

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

The Board of Directors (the “**Board**”) of Swang Chai Chuan Limited (the “**Company**”) presents the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures for the corresponding period in 2021 as follows. The interim results have not been audited by the external auditors but they have been reviewed by the Audit Committee of the Company.

|   | Notes | Six months ended 30 June      |                               |
|---|-------|-------------------------------|-------------------------------|
|   |       | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>Revenue</b>  | 4     | <b>399,932</b>                | 320,744                       |
| Cost of sales   |       | <b>(342,989)</b>              | (273,179)                     |
| <b>Gross profit</b>   |       | <b>56,943</b>                 | 47,565                        |
| Other income  | 5     | <b>498</b>                    | 610                           |
| Selling and distribution expenses                                     |       | <b>(22,061)</b>               | (18,223)                      |
| Administrative and other operating expenses                           |       | <b>(8,548)</b>                | (7,950)                       |
| Finance costs   | 6     | <b>(726)</b>                  | (758)                         |
| Listing expenses  |       | <b>(3,476)</b>                | (2,268)                       |
| <b>Profit before tax</b>  | 6     | <b>22,630</b>                 | 18,976                        |
| Income tax expenses   | 7     | <b>(6,631)</b>                | (5,109)                       |
| <b>Profit for the period</b>  |       | <b>15,999</b>                 | 13,867                        |
| <b>Other comprehensive (loss) income, net of tax</b>                  |       |                               |                               |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |       |                               |                               |
| Exchange differences on consolidation                                 |       | <b>(191)</b>                  | 57                            |
| <b>Total comprehensive income for the period</b>                      |       | <b>15,808</b>                 | 13,924                        |
| <b>Earnings per share attributable to owners of the Company:</b>      |       |                               |                               |
| – Basic and diluted   | 8     | <b>2.21 sen</b>               | 1.92 sen                      |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

|  | Notes | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|-------|--|--|
| <b>Non-current assets</b>                                      |       |  |  |
| Property, plant and equipment                                  | 10    | 32,589   | 32,321   |
| Right-of-use assets  | 11    | 8,695  | 9,462  |
| Deposits paid for acquisition of property, plant and equipment |       | 1,050  | –  |
| Deferred tax assets  | 17    | 2,608  | 1,774  |
|  |       | <b>44,942</b>                                  | 43,557   |
| <b>Current assets</b>  |       |  |  |
| Financial assets at fair value through profit or loss (“FVPL”) |       | 234  | 233  |
| Inventories  | 12    | 69,455   | 56,292   |
| Trade and other receivables                                    | 13    | 119,261  | 95,032   |
| Pledged bank deposits  |       | 13,572   | 13,430   |
| Bank balances and cash   |       | 9,603  | 4,480  |
|  |       | <b>212,125</b>                                 | 169,467  |
| <b>Current liabilities</b>                                     |       |  |  |
| Trade and other payables                                       | 14    | 75,672   | 55,777   |
| Bank overdrafts  | 15    | –  | 110  |
| Interest-bearing borrowings                                    | 15    | 33,186   | 26,065   |
| Lease liabilities  | 16    | 1,301  | 1,412  |
| Income tax payable   |       | 4,833  | 1,651  |
|  |       | <b>114,992</b>                                 | 85,015   |
| <b>Net current assets</b>                                      |       | <b>97,133</b>                                  | 84,452   |
| <b>Total assets less current liabilities</b>                   |       | <b>142,075</b>                                 | 128,009  |
| <b>Non-current liabilities</b>                                 |       |  |  |
| Interest-bearing borrowings                                    | 15    | 14,332   | 15,250   |
| Lease liabilities  | 16    | 1,380  | 1,980  |
| Deferred tax liabilities                                       | 17    | 368  | 592  |
|  |       | <b>16,080</b>                                  | 17,822   |
| <b>NET ASSETS</b>  |       | <b>125,995</b>                                 | 110,187  |
| <b>Capital and reserves</b>                                    |       |  |  |
| Share capital  | 18    | –*   | –*   |
| Reserves   |       | 125,995  | 110,187  |
| <b>TOTAL EQUITY</b>  |       | <b>125,995</b>                                 | 110,187  |

\* Represents amount less than RM1,000

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

|   | Reserves                             |                           |                               |                               |                 |
|---|--------------------------------------|---------------------------|-------------------------------|-------------------------------|-----------------|
|   | Share capital<br>RM'000<br>(Note 18) | Capital reserve<br>RM'000 | Translation reserve<br>RM'000 | Accumulated profits<br>RM'000 | Total<br>RM'000 |
| At 1 January 2022 (Audited)   | –*                                   | –*                        | 51                            | 110,136                       | 110,187         |
| Profit for the period   | –                                    | –                         | –                             | 15,999                        | 15,999          |
| <b>Other comprehensive loss</b>                                       |                                      |                           |                               |                               |                 |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |                                      |                           |                               |                               |                 |
| Exchange differences on consolidation                                 | –                                    | –                         | (191)                         | –                             | (191)           |
| Total comprehensive (loss) income for the period                      | –                                    | –                         | (191)                         | 15,999                        | 15,808          |
| <b>At 30 June 2022 (Unaudited)</b>                                    | –*                                   | –*                        | (140)                         | 126,135                       | 125,995         |

|  | Reserves                             |                           |                               |                               |                 |
|--|--------------------------------------|---------------------------|-------------------------------|-------------------------------|-----------------|
|  | Share capital<br>RM'000<br>(Note 18) | Capital reserve<br>RM'000 | Translation reserve<br>RM'000 | Accumulated profits<br>RM'000 | Total<br>RM'000 |
| At 1 January 2021 (Audited)  | –*                                   | –*                        | 26                            | 86,548                        | 86,574          |
| Profit for the period  | –                                    | –                         | –                             | 13,867                        | 13,867          |
| <b>Other comprehensive income</b>                                    |                                      |                           |                               |                               |                 |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                                      |                           |                               |                               |                 |
| Exchange differences on consolidation                                | –                                    | –                         | 57                            | –                             | 57              |
| Total comprehensive income for the period                            | –                                    | –                         | 57                            | 13,867                        | 13,924          |
| <b>At 30 June 2021 (Unaudited)</b>                                   | –*                                   | –*                        | 83                            | 100,415                       | 100,498         |

\* Represent amounts less than RM1,000

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

|   | Six months ended 30 June      |                               |
|---|-------------------------------|-------------------------------|
|   | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>OPERATING ACTIVITIES</b>                                       |                               |                               |
| Profit before tax   | 22,630                        | 18,976                        |
| Adjustments for:  |                               |                               |
| Depreciation  | 2,182                         | 2,028                         |
| Finance costs   | 726                           | 758                           |
| Exchange difference   | (191)                         | 57                            |
| Interest income   | (140)                         | (166)                         |
| Dividend income   | (2)                           | (28)                          |
| Gain on disposal of property, plant and equipment, net            | (56)                          | (38)                          |
| Provision for loss allowance of trade receivables                 | 868                           | 196                           |
| Provision for write-down of inventories, net                      | 195                           | 193                           |
| Bad debts written off   | 181                           | 274                           |
| <b>Operating cash inflows before movements in working capital</b> | <b>26,393</b>                 | 22,250                        |
| Changes in working capital:                                       |                               |                               |
| Inventories   | (13,358)                      | (7,998)                       |
| Trade and other receivables                                       | (25,278)                      | (17,936)                      |
| Trade and other payables  | 21,978                        | 13,081                        |
| <b>Cash generated from operations</b>                             | <b>9,735</b>                  | 9,397                         |
| Income tax paid   | (4,507)                       | (3,637)                       |
| <b>Net cash from operating activities</b>                         | <b>5,228</b>                  | 5,760                         |
| <b>INVESTING ACTIVITIES</b>                                       |                               |                               |
| Increase in pledged bank deposits                                 | (142)                         | (357)                         |
| Interest received   | 140                           | 166                           |
| Deposits paid for acquisition of property, plant and equipment    | (1,050)                       | –                             |
| Payment for purchase of property, plant and equipment             | (1,713)                       | (2,668)                       |
| Proceeds from disposal of property, plant and equipment           | 86                            | 118                           |
| Proceeds from redemption of financial assets at FVPL              | –                             | 5,751                         |
| <b>Net cash (used in) from investing activities</b>               | <b>(2,679)</b>                | 3,010                         |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

|  | Six months ended 30 June      |                               |
|--|-------------------------------|-------------------------------|
|  | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>FINANCING ACTIVITIES</b>  |                               |                               |
| Inception of interest-bearing borrowings   | 85,985                        | 44,329                        |
| Repayment of interest-bearing borrowings   | (79,782)                      | (41,326)                      |
| Interest paid  | (726)                         | (758)                         |
| (Repayment to) Advance from the Ultimate Controlling Party   | (2,083)                       | 232                           |
| Repayment to related parties   | –                             | (1,687)                       |
| Dividends paid   | –                             | (10,500)                      |
| Repayment of lease liabilities   | (710)                         | (678)                         |
| <b>Net cash from (used in) financing activities</b>  | <b>2,684</b>                  | <b>(10,388)</b>               |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>5,233</b>                  | <b>(1,618)</b>                |
| <b>Cash and cash equivalents at the beginning of the reporting period</b>                                  | <b>4,370</b>                  | <b>13,012</b>                 |
| <b>Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash</b> | <b>9,603</b>                  | <b>11,394</b>                 |

Note: The Group has not entered into any lease arrangements during the six months ended 30 June 2022. The Group entered into lease arrangements in respect of right-of-use assets with a total capital value at the inception of the leases of approximately RM320,000 during the six months ended 30 June 2021.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Swang Chai Chuan Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 14 February 2019. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 August 2022 (the “**Initial Listing**”). The address of the Company’s registered office is 71 Fort Street, PO Box 500, George Town, Grand Cayman KY1-1106, Cayman Islands. The Company’s principal place of business is situated at Units 2201-2203, 22/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong and the Group’s headquarter is situated at Lot 147-A, Kawasan Perindustrian Semambu, 25350 Kuantan, Pahang, Malaysia.

The Company is an investment holding company and its subsidiaries are principally engaged in distribution and sales of food and beverages (“**F&B**”) and provision of logistics, warehousing services and others in Malaysia.

The immediate and ultimate holding company of the Company is Soon Holdings Limited (“**Soon Holdings**”), which is incorporated in the British Virgin Islands (the “**BVI**”). In the opinion of the directors of the Company, the ultimate controlling parties are Mr. Soon See Beng (“**SB Soon**”), Mr. Soon See Long (“**SL Soon**”), Mr. Soon Chiew Ang (“**CA Soon**”) and Ms. Soon Lee Shiang (“**LS Soon**”) (together the “**Ultimate Controlling Party**”), who have been acting in concert over the course of the Group’s business history.

In preparing for the Initial Listing, the Group underwent a group reorganisation (the “**Reorganisation**”) to rationalise the group structure. As a result of the Reorganisation, the Company became the holding company of the Group on 21 January 2021. Details of the Reorganisation are more fully explained in the section headed “History, Development, Reorganisation” of the prospectus of the Company dated 8 August 2022 (the “**Prospectus**”). The Group resulting from the Reorganisation is regarded as a continuing entity under the common control of the Ultimate Controlling Party prior to and after the Reorganisation, and that control is not transitory. Accordingly, the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 (the “**Interim Financial Statements**”) have been prepared using the principles of merger accounting in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (The “**IASB**”).

The unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2022 and 2021 have been prepared on the basis as if the current group structure has been in existence throughout the periods. The condensed consolidated statement of financial position of the Group at 31 December 2021 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the group structure has been in existence as at that date.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION *(continued)*

The Interim Financial Statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” (“IAS 34”) issued by the IASB and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of the Interim Financial Statements in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

## 2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and financial performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs which collective term includes all applicable individual IFRSs, IAS and Interpretations issued by the IASB. They shall be read in conjunction with the audited financial information of the Group for the year ended 31 December 2021 as included in the Accountants’ Report as set out in Appendix I of the Prospectus (the “**2021 Financial Statements**”).

The Interim Financial Statements have been prepared on the historical costs basis, except for the unlisted investments of money market funds included in the financial assets at FVPL which are measured at fair value and it is presented in Malaysian Ringgit (“RM”) and rounded to the nearest thousands unless otherwise indicated.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the 2021 Financial Information except for the adoption of the new/revised IFRSs further described in the “Adoption of new/revised IFRSs” section which are relevant to the Group and effective for the Group’s financial period beginning on 1 January 2022.

### Adoption of new/revised IFRSs

In the current interim period, the Group has applied, for the first time, certain new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2022 for the preparation of the Interim Financial Statements.

The adoption of the new/revised IFRSs has no significance impact on the Interim Financial Statements. Other than the above new/revised IFRSs, at the date of authorisation of the Interim Financial Statements, the Group has not early adopted other new/revised IFRSs that have been issued but are not yet effective. The directors of the Company do not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the financial position, financial performance and cash flows of the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 3. SEGMENT INFORMATION

The directors of the Company have determined that the Group has only one operating and reportable segment throughout the periods, as the Group manages its business as a whole as the businesses of distribution and sales of F&B and provision of logistics, warehousing services and others are carried out in Malaysia and the executive directors of the Company, being the chief operating decision-makers of the Group, regularly review the internal financial reports on the same basis for the purposes of allocating resources and assessing performance of the Group. Segment information is not presented accordingly.

The Company is an investment holding company and the principal place of the Group's operation is in Malaysia. All of the Group's revenue from external customers during the reporting periods is derived from Malaysia and almost all of the Group's assets and liabilities are located in Malaysia.

### Information about major customers

The Group's revenue from any single external customer did not contribute 10% or more of the total revenue of the Group for the six months ended 30 June 2022 and 2021.

## 4. REVENUE

|   | Six months ended 30 June      |                               |
|---|-------------------------------|-------------------------------|
|   | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>Revenue from contracts with customers within IFRS 15</b> |                               |                               |
| At a point in time  |                               |                               |
| – Distribution and sales of F&B                             | 395,404                       | 317,621                       |
| Over time   |                               |                               |
| – Provision of logistics, warehousing services and others   | 4,528                         | 3,123                         |
|   | <b>399,932</b>                | <b>320,744</b>                |

The amounts of revenue recognised for the six months ended 30 June 2022 and 2021 that were included in the contract liabilities at the beginning of the period were approximately RM2,547,000 and RM1,612,000, respectively.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 5. OTHER INCOME

|   | Six months ended 30 June      |                               |
|---|-------------------------------|-------------------------------|
|   | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| Interest income                                   | 140                           | 166                           |
| Dividend income                                   | 2                             | 28                            |
| Gain on disposal of property, plant and equipment | 56                            | 38                            |
| Rental income                                     | 61                            | 191                           |
| Bad debts recovery                                | 88                            | 24                            |
| Sundry income                                     | 151                           | 163                           |
|   | <b>498</b>                    | 610                           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 6. PROFIT BEFORE TAX

This is stated after charging:

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2022</b>                     | 2021        |
|  | <b>RM'000</b>                   | RM'000      |
|  | <b>(Unaudited)</b>              | (Unaudited) |
| <b>Finance costs</b>   |                                 |             |
| Interest on interest-bearing borrowings  | 666                             | 676         |
| Interest on lease liabilities  | 60                              | 82          |
|  | <b>726</b>                      | 758         |
| <b>Staff costs (including directors' emoluments)</b>   |                                 |             |
| Salaries, discretionary bonus, allowances and other benefits in kind   | 16,365                          | 14,767      |
| Contributions to defined contribution plans  | 1,520                           | 1,349       |
|  | <b>17,885</b>                   | 16,116      |
| <b>Other items</b>   |                                 |             |
| Cost of inventories  | 336,360                         | 267,859     |
| Auditor's remuneration   | 65                              | 54          |
| Depreciation of property, plant and equipment<br>(charged to "cost of sales" and "administrative and<br>other operating expenses", as appropriate) | 1,415                           | 1,212       |
| Depreciation of right-of-use assets<br>(charged to "cost of sales" and "administrative and<br>other operating expenses", as appropriate)           | 767                             | 816         |
| Exchange loss, net   | 4                               | 158         |
| Expenses recognised under short-term leases  | 133                             | 77          |
| Bad debts written off  | 181                             | 274         |
| Provision for write-down of inventories, net   | 195                             | 193         |
| Provision for loss allowance of trade receivables, net   | 868                             | 196         |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 7. TAXATION

|   | Six months ended 30 June      |                               |
|---|-------------------------------|-------------------------------|
|   | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>Current tax</b>                              |                               |                               |
| Malaysia corporate income tax ("Malaysia CIT")  | 7,689                         | 5,127                         |
| <b>Deferred taxation (Note 17)</b>              |                               |                               |
| Changes in temporary differences                | (1,058)                       | (18)                          |
| <b>Total income tax expenses for the period</b> | <b>6,631</b>                  | <b>5,109</b>                  |

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong for six months ended 30 June 2022 and 2021.

The group entities established in the Cayman Islands and the BVI are exempted from corporate income tax therein.

Malaysia CIT is calculated at 24% of the estimated assessable profits for the six months ended 30 June 2022 and 2021. For the six months ended 30 June 2022 and 2021, Malaysia incorporated entities with paid-up capital of RM2.5 million or less and annual sales of not more than RM50.0 million enjoy tax rate of 17% on the first RM600,000 of the estimated assessable profits. The remaining balance is calculated at the tax rate of 24%.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following information:

|  | Six months ended 30 June      |                               |
|--|-------------------------------|-------------------------------|
|  | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| Profit for the period attributable to owners of the Company,<br>used in basic and diluted earnings per share calculation | 15,999                        | 13,867                        |
|  | '000                          | '000                          |
| Weighted average number of ordinary shares for basic and<br>diluted earnings per share calculation                       | 723,000                       | 723,000                       |

The calculation of the weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, the Reorganisation and the Capitalisation Issue (as defined in the Prospectus) to the shareholders had occurred on 1 January 2021.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence for the six months ended 30 June 2022 and 2021.

### 9. DIVIDEND

The directors of the Company did not recommend a payment of an interim dividend for the six months ended 30 June 2022 (*six months ended 30 June 2021: Nil*).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 10. PROPERTY, PLANT AND EQUIPMENT

|  | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Leasehold<br>improvements<br>RM'000 | Plant and<br>machinery<br>RM'000 | Furniture,<br>fixtures<br>and office<br>equipment<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--|----------------------------|---------------------|-------------------------------------|----------------------------------|---|-----------------------------|-----------------|
| <b>Reconciliation of carrying amount –<br/>year ended 31 December 2021 (Audited)</b>         |                            |                     |                                     |                                  |   |                             |                 |
| At 1 January 2021  | 9,061                      | 11,749              | 179                                 | 5,656                            | 883   | 2,427                       | 29,955          |
| Additions  | 1,458                      | –                   | –                                   | 1,509                            | 226   | 1,934                       | 5,127           |
| Disposals  | –                          | –                   | –                                   | (24)                             | (33)  | (127)                       | (184)           |
| Reclassified from investment properties  | –                          | 121                 | –                                   | –                                | –   | –                           | 121             |
| Depreciation   | –                          | (277)               | (52)                                | (1,170)                          | (298)   | (901)                       | (2,698)         |
| At 31 December 2021  | 10,519                     | 11,593              | 127                                 | 5,971                            | 778   | 3,333                       | 32,321          |
| <b>Reconciliation of carrying amount –<br/>six months ended 30 June 2022<br/>(Unaudited)</b> |                            |                     |                                     |                                  |   |                             |                 |
| At 1 January 2022  | 10,519                     | 11,593              | 127                                 | 5,971                            | 778   | 3,333                       | 32,321          |
| Additions  | –                          | –                   | 131                                 | 671                              | 107   | 804                         | 1,713           |
| Disposals  | –                          | –                   | –                                   | (1)                              | (14)  | (15)                        | (30)            |
| Depreciation   | –                          | (144)               | (18)                                | (640)                            | (93)  | (520)                       | (1,415)         |
| At 30 June 2022  | 10,519                     | 11,449              | 240                                 | 6,001                            | 778   | 3,602                       | 32,589          |
| <b>At 31 December 2021 (Audited)</b>   |                            |                     |                                     |                                  |   |                             |                 |
| Cost   | 10,519                     | 13,873              | 811                                 | 12,722                           | 2,907   | 12,516                      | 53,348          |
| Accumulated depreciation   | –                          | (2,280)             | (684)                               | (6,751)                          | (2,129)   | (9,183)                     | (21,027)        |
|  | 10,519                     | 11,593              | 127                                 | 5,971                            | 778   | 3,333                       | 32,321          |
| <b>At 30 June 2022 (Unaudited)</b>   |                            |                     |                                     |                                  |   |                             |                 |
| Cost   | 10,519                     | 13,873              | 942                                 | 13,351                           | 2,891   | 12,628                      | 54,204          |
| Accumulated depreciation   | –                          | (2,424)             | (702)                               | (7,350)                          | (2,113)   | (9,026)                     | (21,615)        |
|  | 10,519                     | 11,449              | 240                                 | 6,001                            | 778   | 3,602                       | 32,589          |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying amounts of the Group's property, plant and equipment pledged to secure banking facilities (Note 15) at 30 June 2022 and 31 December 2021 are as follows:

|   | Freehold<br>land<br>RM'000 | Buildings<br>RM'000 | Total<br>RM'000 |
|---|----------------------------|---------------------|-----------------|
| <b>Pledged to secure banking facilities</b> |                            |                     |                 |
| At 31 December 2021 (Audited)               | 9,061                      | 9,717               | 18,778          |
| <b>At 30 June 2022 (Unaudited)</b>          | <b>9,061</b>               | <b>9,603</b>        | <b>18,664</b>   |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. RIGHT-OF-USE ASSETS

|  | Leasehold<br>land<br>RM'000 | Leased<br>properties<br>RM'000 | Motor<br>vehicles<br>RM'000 | Total<br>RM'000 |
|--|-----------------------------|--------------------------------|-----------------------------|-----------------|
| <b>Reconciliation of carrying amount –<br/>year ended 31 December 2021<br/>(Audited)</b>     |                             |                                |                             |                 |
| At 1 January 2021  | 4,558                       | 1,628                          | 2,164                       | 8,350           |
| Additions  | –                           | 70                             | 1,044                       | 1,114           |
| Reclassified from investment properties  | 1,694                       | –                              | –                           | 1,694           |
| Depreciation   | (211)                       | (628)                          | (857)                       | (1,696)         |
| <b>At 31 December 2021</b>   | <b>6,041</b>                | <b>1,070</b>                   | <b>2,351</b>                | <b>9,462</b>    |
| <b>Reconciliation of carrying amount –<br/>six months ended 30 June 2022<br/>(Unaudited)</b> |                             |                                |                             |                 |
| At 1 January 2022  | 6,041                       | 1,070                          | 2,351                       | 9,462           |
| Depreciation   | (92)                        | (304)                          | (371)                       | (767)           |
| <b>At 30 June 2022</b>   | <b>5,949</b>                | <b>766</b>                     | <b>1,980</b>                | <b>8,695</b>    |
| <b>At 31 December 2021 (Audited)</b>   |                             |                                |                             |                 |
| Cost   | 7,945                       | 1,780                          | 6,686                       | 16,411          |
| Accumulated depreciation   | (1,904)                     | (710)                          | (4,335)                     | (6,949)         |
|  | 6,041                       | 1,070                          | 2,351                       | 9,462           |
| <b>At 30 June 2022 (Unaudited)</b>   |                             |                                |                             |                 |
| Cost   | 7,945                       | 1,780                          | 6,686                       | 16,411          |
| Accumulated depreciation   | (1,996)                     | (1,014)                        | (4,706)                     | (7,716)         |
|  | 5,949                       | 766                            | 1,980                       | 8,695           |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 11. RIGHT-OF-USE ASSETS *(continued)*

The Group leases various properties and motor vehicles for its daily operations, the lease terms range from 2 to 6 years. The leasehold lands represent lump sum considerations paid by the Group, which are with initial lease period range from 35 to 93 years and there are no ongoing payments to be made under the terms of the land leases.

At 30 June 2022, the Group's leasehold lands with a total carrying amount of approximately RM4,349,000 (*31 December 2021: approximately RM4,404,000*), were pledged to secure bank facilities (Note 15) granted to the Group.

At 30 June 2022, the Group's motor vehicles with a total carrying amount of approximately RM1,980,000 (*31 December 2021: approximately RM2,351,000*), were pledged to secure the lease liabilities (Note 16).

### **Commitments under leases**

At 30 June 2022, the Group was committed to short-term leases or low-value asset leases of approximately RM133,000 (*31 December 2021: approximately RM121,000*).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 12. INVENTORIES

|                            | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|----------------------------|--|--|
| Raw materials              | 2,691  | 1,579  |
| Finished goods             | 69,789   | 57,299   |
|                            | <b>72,480</b>                                  | <b>58,878</b>                                    |
| Less: Write-down provision | <b>(3,025)</b>                                 | <b>(2,586)</b>                                   |
|                            | <b>69,455</b>                                  | <b>56,292</b>                                    |

### 13. TRADE AND OTHER RECEIVABLES

|                                | <i>Notes</i> | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--------------------------------|--------------|--|--|
| <b>Trade receivables</b>       |              |  |  |
| From related parties           | 13(a)        | 1,031  | 979  |
| From third parties             |              | 113,509  | 89,796   |
|                                |              | <b>114,540</b>                                 | <b>90,775</b>                                    |
| Less: Loss allowances          |              | <b>(3,568)</b>                                 | <b>(2,673)</b>                                   |
|                                | 13(b)        | <b>110,972</b>                                 | <b>88,102</b>                                    |
| <b>Other receivables</b>       |              |  |  |
| Prepayments ( <i>Note</i> )    |              | 417  | 472  |
| Deposits paid to suppliers     |              | 2,441  | 2,745  |
| Other deposits and receivables |              | 5,431  | 3,713  |
|                                |              | <b>8,289</b>                                   | <b>6,930</b>                                     |
|                                |              | <b>119,261</b>                                 | <b>95,032</b>                                    |

Note: The amounts represent prepaid listing expenses.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 13. TRADE AND OTHER RECEIVABLES (continued)

#### 13(a) Trade receivables from related companies

The trade receivables from related companies are unsecured, interest-free and have credit terms up to 60 days from the date of issuance of invoices. No provision has been made for non repayment of the amount due during the reporting periods. The Group does not hold any collateral over these balances.

|  | Six months ended 30 June 2022                          |                                   |                                     |
|--|--|-----------------------------------|-------------------------------------|
|  | Maximum amount outstanding during the period<br>RM'000 | Balance at 30 June 2022<br>RM'000 | Balance at 1 January 2022<br>RM'000 |
| Alfa Indah (Beserah) Sdn. Bhd.<br>("Alfa Indah (Beserah)") (Note 13(a)(i))             | 324  | 324                               | 263                                 |
| Alfa Indah (Jaya Gading) Sdn. Bhd.<br>("Alfa Indah (Jaya Gading)")<br>(Note 13(a)(ii)) | 161  | 137                               | 118                                 |
| Just Relax Restaurant (Note 13(a)(iii))  | 68   | 54                                | 56                                  |
| Megamart Sdn. Bhd.<br>("Megamart") (Note 13(a)(iv))                                    | 1,405  | 479                               | 495                                 |
| Owl Cafe (Note 13(a)(iii))   | 38   | 18                                | 29                                  |
| Pak Su Seafood Sdn. Bhd.<br>("Pak Su Seafood") (Note 13(a)(v))                         | 27   | 13                                | 18                                  |
| The Eight Th (Note 13(a)(vi))  | 16   | 6                                 | –                                   |
|  |  | 1,031                             | 979                                 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 13. TRADE AND OTHER RECEIVABLES (continued)

### 13(a) Trade receivables from related companies (continued)

|  | Year ended 31 December 2021                          |                                       |                                     |
|--|--|---------------------------------------|-------------------------------------|
|  | Maximum amount outstanding during the year<br>RM'000 | Balance at 31 December 2021<br>RM'000 | Balance at 1 January 2021<br>RM'000 |
| Alfa Indah (Beserah)   | 366  | 263                                   | 86                                  |
| Alfa Indah (Jaya Gading)   | 187  | 118                                   | 118                                 |
| JR Grill & Bistro (Note 13(a) (iii))                                   | 16   | –                                     | 14                                  |
| Just Relax Restaurant  | 52   | 56                                    | 46                                  |
| Mega Jaya Seafood Sdn. Bhd.<br>("Mega Jaya Seafood") (Note 13(a)(vii)) | 56   | –                                     | 6                                   |
| Megamart   | 813  | 495                                   | 438                                 |
| Owl Cafe   | 30   | 29                                    | 13                                  |
| Pak Su Seafood Restaurant  | 31   | 18                                    | 17                                  |
|  |  | 979                                   | 738                                 |

Notes:

- (i) At 30 June 2022 and 31 December 2021, 16.67% equity interests of Alfa Indah (Beserah) was held by Mr. SB Soon.
- (ii) At 30 June 2022 and 31 December 2021, 15% equity interests of Alfa Indah (Jaya Gading) was held by Mr. SB Soon.
- (iii) At 30 June 2022 and 31 December 2021, Mr. CA Soon, and his spouse, Ms. Ng Kar Wei were the partners of Just Relax Restaurant, Owl Cafe and JR Grill & Bistro.
- (iv) At 30 June 2022 and 31 December 2021, 25%, 26% and 49% equity interests of Megamart were held by Mr. SB Soon, Mr. Lim Tau Hong, who is the spouse of Ms. LS Soon, and Mack Food Pte Ltd., of which equity interests are equally held by Mr. SB Soon and Mr. Lim Tau Hong, respectively.
- (v) At 30 June 2022 and 31 December 2021, 80% and 20% equity interests of Pak Su Seafood was held by the Ultimate Controlling Party and Mr. Lim Tau Hong, respectively.
- (vi) At 30 June 2022 and 31 December 2021, Mr. SL Soon and Mr. CA Soon were the partners of The Eight Th.
- (vii) At 30 June 2022 and 31 December 2021, 50% equity interests of Mega Jaya Seafood was held by Mr. CA Soon.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 13. TRADE AND OTHER RECEIVABLES (continued)

#### 13(b) Trade receivables

The ageing of trade receivables, net of loss allowances, based on invoice date at the end of each reporting period is as follows:

|                | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|----------------|--|--|
| Within 30 days | 67,276   | 52,101   |
| 31 to 60 days  | 33,591   | 28,719   |
| 61 to 90 days  | 8,603  | 6,116  |
| Over 90 days   | 1,502  | 1,166  |
|                | <b>110,972</b>                                 | <b>88,102</b>                                    |

At the end of each reporting period, the ageing analysis of the trade receivables, net of loss allowances, by due date is as follows:

|                | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|----------------|--|--|
| Not yet due    | 68,097   | 53,280   |
| Past due:      |  |  |
| Within 30 days | 34,054   | 28,434   |
| 31 to 60 days  | 7,710  | 5,511  |
| 61 to 90 days  | 1,111  | 877  |
|                | <b>42,875</b>                                  | <b>34,822</b>                                    |
|                | <b>110,972</b>                                 | <b>88,102</b>                                    |

The Group normally grants credit terms up to 90 days from the date of issuance of invoices.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 14. TRADE AND OTHER PAYABLES

|  | Notes | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|-------|--|--|
| <b>Trade payables</b>                      |       |  |  |
| To third parties                           | 14(a) | 55,594   | 37,111   |
| <b>Other payables</b>                      |       |  |  |
| Contract liabilities – Marketing Incentive | 14(b) | 8,627  | 7,032  |
| Salary payables                            |       | 4,878  | 4,523  |
| Other accruals and other payables (Note)   |       | 5,964  | 4,423  |
| Rental and other deposits                  |       | 262  | 258  |
| Due to the Ultimate Controlling Party      | 14(c) | 347  | 2,430  |
|  |       | 20,078   | 18,666   |
|  |       | 75,672   | 55,777   |

Note: The amounts at 30 June 2022 and 31 December 2021 included accrued listing expenses of approximately RM2,368,000 and RM853,000, respectively.

#### 14(a) Trade Payables

The trade payables are unsecured, interest-free and with normal credit terms up to 60 days.

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

|                | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|----------------|--|--|
| Within 30 days | 41,887   | 18,995   |
| 31 to 60 days  | 12,802   | 17,100   |
| 61 to 90 days  | 717  | 855  |
| Over 90 days   | 188  | 161  |
|                | 55,594   | 37,111   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 14. TRADE AND OTHER PAYABLES (continued)

#### 14(b) Contract liabilities – Marketing Incentive

The balance represented accumulated unused obligations at the end of each reporting period which will be recognised as revenue in the next reporting period. The movements (excluding those arising from increase and decrease both occurred within the same reporting period) of contract liabilities within IFRS 15 are as follows:

|  | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|--|--|
| At the beginning of the reporting period             | 7,032  | 4,421  |
| Addition for the reporting period                    | 4,142  | 7,032  |
| Revenue recognised for the reporting period (Note 4) | (2,547)  | (4,421)  |
| <b>At the end of the reporting period</b>            | <b>8,627</b>                                   | <b>7,032</b>                                     |

Note: The contract liabilities of approximately RM8,627,000 at 30 June 2022 (31 December 2021: approximately RM7,032,000), represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of each reporting period. The Group expects the transaction price of approximately RM8,627,000 at 30 June 2022 (31 December 2021: approximately RM7,032,000), allocated to the unsatisfied performance obligations will be recognised as revenue in one year or less when the obligations are performed.

#### 14(c) Due to the Ultimate Controlling Party

The amounts due are non-trade in nature, unsecured, interest-free, repayable on demand and were fully settled in July 2022.

|             | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|-------------|--|--|
| Mr. SB Soon | 79   | 1,862  |
| Mr. SL Soon | 79   | 339  |
| Mr. CA Soon | –  | 40   |
| Ms. LS Soon | 189  | 189  |
|             | <b>347</b>                                     | <b>2,430</b>                                     |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 15. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS

At the end of each reporting period, details of the bank overdrafts and interest-bearing borrowings of the Group are as follows:

|  | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|--|--|
| <b>Bank overdrafts – secured</b>             | –  | 110  |
| <b>Interest-bearing borrowings – secured</b> |  |  |
| – Current portion                            | 33,186   | 26,065   |
| – Non-current portion                        | 14,332   | 15,250   |
|  | <b>47,518</b>                                  | 41,315   |
|  | <b>47,518</b>                                  | 41,425   |

The secured bank overdrafts are interest-bearing at base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum during the six months ended 30 June 2022 (*31 December 2021: base lending rate plus a percentage ranging from 0.75% per annum to 3.50% per annum*).

The secured bank borrowings are repayable ranging from within one year to over five years since their inception. At 30 June 2022, the secured bank borrowings carried weighted average effective interest rate of approximately 3.55% per annum (*31 December 2021: 3.51% per annum*).

The bank overdrafts and interest-bearing borrowings are secured by:

- (i) guarantees provided by the Ultimate Controlling Party;
- (ii) guarantees provided by the government of Malaysia;
- (iii) properties owned by the related party, the parents of the Ultimate Controlling Party;
- (iv) certain property, plant and equipment with aggregate net carrying amounts of approximately RM18,664,000 at 30 June 2022 (*31 December 2021: approximately RM18,778,000*), as set out in Note 10;
- (v) certain right-of-use assets with aggregate net carrying amounts of approximately RM4,349,000 at 30 June 2022 (*31 December 2021: approximately RM4,404,000*), as set out in Note 11; and/or
- (vi) pledged bank deposits with carrying amounts of approximately RM13,572,000 at 30 June 2022 (*31 December 2021: approximately RM13,430,000*).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 15. BANK OVERDRAFTS AND INTEREST-BEARING BORROWINGS (continued)

All banking facilities are subject to the fulfilment of covenants, as is commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become repayable on demand. At 30 June 2022 and 31 December 2021, none of the covenants relating to drawn down facilities had been breached.

At the date of this report, the Group is in the process of releasing the above guarantees and the pledged properties provided by the Ultimate Controlling Party by replacement of corporate guarantees provided by the Company.

### 16. LEASE LIABILITIES

|                          | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--------------------------|--|--|
| <b>Lease liabilities</b> |  |  |
| Current                  | 1,301  | 1,412  |
| Non-current              | 1,380  | 1,980  |
|                          | <b>2,681</b>                                   | <b>3,392</b>                                     |

The Group has recognised the following amounts relating to short-term leases during the reporting period:

|                                    | Six months ended 30 June<br>2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
|------------------------------------|---|-------------------------------|
| Lease payments – Short-term leases | 133   | 77                            |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 16. LEASE LIABILITIES (continued)

Commitments and present value of lease liabilities:

|  | Lease payments                                 |  | Present value of lease payments                |  |
|--|--|--|--|--|
|  | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
| Amounts payable:                       |  |  |  |  |
| Within one year                        | 1,386  | 1,530  | 1,301  | 1,412  |
| In the second to third years inclusive | 1,451  | 2,086  | 1,380  | 1,980  |
|  | <b>2,837</b>                                   | 3,616  | <b>2,681</b>                                   | 3,392  |
| Less: future finance charges           | (156)  | (224)  | –  | –  |
| <b>Total lease liabilities</b>         | <b>2,681</b>                                   | 3,392  | <b>2,681</b>                                   | 3,392  |

The total cash outflow for leases for the six months ended 30 June 2022 was approximately RM904,000 (six months ended 30 June 2021: approximately RM837,000).

The lease liabilities are secured by certain right-of-use assets with aggregate net carrying amount of approximately RM1,980,000 and RM2,351,000 at 30 June 2022 and 31 December 2021, respectively, as set out in Note 11.

At 30 June 2022 and 31 December 2021, the weighted average effective interest rates of the lease liabilities of the Group were 4.62% and 4.69% per annum, respectively.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 17. DEFERRED TAX ASSETS (LIABILITIES)

For the purpose of presentation in the condensed consolidated financial statements, the following is the analysis of the deferred taxation:

|                          | At<br>30 June<br>2022<br>(Unaudited)<br>RM'000 | At<br>31 December<br>2021<br>(Audited)<br>RM'000 |
|--------------------------|--|--|
| Deferred tax assets      | 2,608  | 1,774  |
| Deferred tax liabilities | (368)  | (592)  |
|                          | <b>2,240</b>                                   | <b>1,182</b>                                     |

The movements in the Group's deferred tax assets (liabilities) were as follows:

|   | Provision for<br>impairment<br>allowances for<br>trade and other<br>receivables<br>RM'000 | Marketing<br>incentive/<br>accrued<br>revenue<br>and costs<br>RM'000 | Accelerated<br>tax<br>depreciation<br>RM'000 | Total<br>RM'000 |
|---|---|--|--|-----------------|
| At 1 January 2021(Audited)                          | 530   | 1,263  | (1,271)                                      | 522             |
| Income tax credit                                   | 111   | 424  | 125  | 660             |
| At 31 December 2021 and<br>1 January 2022 (Audited) | <b>641</b>  | <b>1,687</b>   | <b>(1,146)</b>                               | <b>1,182</b>    |
| <b>Income tax credit</b>                            | <b>215</b>  | <b>368</b>   | <b>475</b>                                   | <b>1,058</b>    |
| <b>At 30 June 2022 (Unaudited)</b>                  | <b>856</b>  | <b>2,055</b>   | <b>(671)</b>                                 | <b>2,240</b>    |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 18. SHARE CAPITAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 February 2019. Upon its incorporation, the authorised share capital of HK\$380,000 was divided into 38,000,000 ordinary shares at HK\$0.01 each and 200 ordinary shares were issued.

Pursuant to the resolution of the Company's sole shareholder passed on 14 July 2022, inter-alia, the authorised share capital of the Company was increased from HK\$380,000 to HK\$15,000,000 by the creation of an additional 1,462,000,000 shares of HK\$0.01 each and the Capitalisation Issue (as defined below) was conditionally approved.

Pursuant to the resolution in writing of the Company's sole shareholder passed on 14 July 2022, subject to the share premium account of the Company being credited as a result of the offering of the Company's shares, the directors of the Company were authorised to allot and issue a total of 722,999,800 shares of HK\$0.01 each to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$7,229,998 standing to be credit of the share premium account of the Company (the "**Capitalisation Issue**") and the shares to be allotted and issued pursuant to this resolution shall carry the same rights as all shares in issue (save for the right to participate in the Capitalisation Issue). The Capitalisation Issue was fully completed on 19 August 2022.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

### 19. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Statements, during the six months ended 30 June 2022 and 2021, further information of the related party transactions is set out below.

#### (a) Related party transactions of the Group:

|   | Notes      | Six months ended 30 June      |                               |
|---|------------|-------------------------------|-------------------------------|
|   |            | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| <b>Revenue arising from distribution and sales of F&amp;B</b> |            |                               |                               |
| Just Relax Restaurant   | 13(a)(iii) | 155                           | 122                           |
| The Eight Th  | 13(a)(vi)  | 34                            | 20                            |
| Alfa Indah (Beserah)  | 13(a)(i)   | 731                           | 477                           |
| Alfa Indah (Jaya Gading)                                      | 13(a)(ii)  | 417                           | 376                           |
| Megamart  | 13(a)(iv)  | 3,765                         | 3,312                         |
| JR Grill & Bistro   | 13(a)(iii) | –                             | 16                            |
| Pak Su Seafood  | 13(a)(v)   | 57                            | 16                            |
| Owl Cafe  | 13(a)(iii) | 78                            | 31                            |
| Mega Jaya Seafood   | 13(a)(vii) | –                             | 51                            |
| <b>Sales and marketing expenses</b>                           |            |                               |                               |
| Alfa Indah (Beserah)  | 13(a)(i)   | 3                             | 2                             |
| Alfa Indah (Jaya Gading)                                      | 13(a)(ii)  | 4                             | 3                             |
| Megamart  | 13(a)(iv)  | 12                            | 22                            |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 19. RELATED PARTY TRANSACTIONS (continued)

### (b) Remuneration for key management personnel (including directors) of the Group:

|  | Six months ended 30 June      |                               |
|--|-------------------------------|-------------------------------|
|  | 2022<br>RM'000<br>(Unaudited) | 2021<br>RM'000<br>(Unaudited) |
| Salaries, bonus, allowances and other benefits in kind | 1,195                         | 1,078                         |
| Contributions to defined contribution plans            | 183                           | 216                           |
|  | <b>1,378</b>                  | <b>1,294</b>                  |

## 20. FAIR VALUE MEASUREMENTS

The following presents the assets measured at fair value or required to disclose their fair value in the Historical Financial Information on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 "Fair Value Measurement" with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 20. FAIR VALUE MEASUREMENTS (continued)

### (a) Assets measured at fair value

|                                | Level 2  |  |
|--------------------------------|--|--|
|                                | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
| Financial assets at FVPL       |  |  |
| – Money market funds, unlisted | 234  | 233  |

During the six months ended 30 June 2022, there were no (31 December 2021: no) transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair measurements.

The Group reviews estimation of fair values of the unlisted investments in money market funds which are categorised into Level 2 of the fair value hierarchy. Reports with estimation of the fair values are prepared by the banks on a monthly basis.

### (b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and liabilities are carried at amounts not materially different from their fair values at the end of each reporting period.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

## 21. COMMITMENTS

### (a) Capital expenditure commitment

|  | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|--|--|
| Contracted but not provided, net of deposit paid<br>for the acquisition of plant and equipment | 10,473   | 1,023  |

On 16 March 2022, the Group entered into a sales and purchase agreement (the “**S&P Agreement**”) with an independent third party, pursuant to which, the Group agreed to purchase a factory located in Terengganu, Malaysia, at a consideration of RM10,500,000. In January 2022, the Group has paid 10% of the total consideration which is refundable subject to certain terms and conditions set out in the S&P Agreement. The remaining consideration is expected to be settled within 3 months upon approval by the state authorities.

### (b) Commitments under leases

#### The Group as lessor

The Group leases out its properties under operating leases with lease terms ranging from one year to three years. The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

|  | At<br>30 June<br>2022<br>RM'000<br>(Unaudited) | At<br>31 December<br>2021<br>RM'000<br>(Audited) |
|--|--|--|
| Within one year                            | 18   | 18   |
| More than one year but less than two years | 9  | 18   |
|  | 27   | 36   |

## 22. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2022, the Company’s shares were listed on the Stock Exchange and 241,000,000 new ordinary shares of HK\$0.01 each were issued at HK\$0.56 per share assuming that the Over-allotment Option (as defined in the Prospectus) is not exercised, by way of global offering. As of the date of this report, the Over-allotment Option has not been exercised.